LSC Fiscal Analysis

Selected Issues of the FY 2002 – 2003 State of Ohio Operating Budgets

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124th General Assembly (2001-2002)

Ohio Legislative Service Commission

December 2001

Introduction

The Legislative Service Commission prepares this document for the members of the General Assembly. It reviews selected budget issues in the operating budgets adopted by the 124th General Assembly –Am. Sub. H.B. 94 (the General Operating Budget); Sub. H.B. 73 (the Transportation Budget); Sub. H.B. 75 (the Workers Compensation Budget); and Sub H.B. 74 (the Industrial Commission Budget). Appropriations in Am. Sub. H.B. 299, and Am. Sub. H.B. 3 are also included in this analysis. These bills were all passed by June 30, 2001. (Appropriation changes made in Sub. H.B. 405 which passed December 5, 2001, however, are not reflected in this document.) An executive summary of the main appropriation acts is followed by an analysis of each agency's budget and a spreadsheet showing actual appropriations for all line items for the agency. The last section, Tax Policy and Revenue, provides estimates of the impact of the substantive tax changes included in the operating budgets.

For more detail on agency line items, please refer to the LSC publication, *The Catalog of Budget Line Items*, where each line is described by its legal basis, revenue source, and use. *The State Government Book*, produced by the Office of Budget and Management, provides a comprehensive description of state government programs. The LSC also produces *The Comparison Document*, which compares budget provisions as the various budget bills move through the legislative process, as well as final analyses for all of the separate bills, describing all of the substantive provisions in those bills.

The *LSC Fiscal Analysis* may be purchased at $6 per copy plus $1 postage and handling for mail orders. Orders should be addressed to:

LSC Fiscal Analysis
Legislative Service Commission
Vern Riffe Center
77 South High Street, 9th Floor
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Please enclose a check or money order in the proper amount payable to the Ohio Legislative Service Commission.

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Main Appropriation Acts

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OVERVIEW

The *LSC Analysis of the State Operating Budget for Fiscal Years 2002 and 2003* focuses on the funding for each state agency that was appropriated in the budget acts. The introductory section presents an overview of the general operating budget, along with information that cuts across all state agencies, and provides highlights of all the budget acts. Subsequent sections of this document examine the major budget actions for each agency. Other LSC fiscal documents that provide additional information on the budget process include the *Analysis of the Executive Budget as Introduced by Agency* (also known as the agency "Redbooks"), the Catalog of Budget Line Items (COBLI), the LSC Comparison Document ("Compare Doc"), and the LSC Spreadsheets.

APPROPRIATIONS BY BUDGET

This section contains a summary of the four operating budget acts of the FY 2002-2003 biennium: Am. Sub. H.B. 94 (the General Operating Budget); Sub. H.B. 73 (the Transportation Budget); Sub. H.B. 75 (the Workers Compensation Budget); and Sub. H.B. 74 (the Industrial Commission Budget). **Table 1** shows the funding for each of the budget bills. The column on the right, labeled "Share," shows the portion of total state appropriations funded through each of the appropriation bills.

Table 1. Total FY 2002 - 2003 Appropriations by Budget Bill

Budget	FY 2002	FY 2003	Biennium Total	Share
General Operating [H.B. 94]	$41,318,211,041	$43,197,682,866	$84,515,893,907	93.0%
Transportation [H.B. 73]	3,002,947,800	2,589,180,270	5,592,128,070	6.2%
Workers Compensation [H.B. 75]	303,582,198	316,597,161	620,179,359	0.7%
Industrial Commission [H.B. 74]	56,980,710	59,999,383	116,980,093	0.1%
Total	**$44,681,721,749**	**$46,163,459,680**	**$90,845,181,429**	100.0%

Total appropriations for all budgets and all fund groups in FY 2002 exceed actual FY 2001 expenditures by 10.0 percent. FY 2003 appropriations exceed FY 2002 appropriations by 3.3 percent. The General Operating Budget, with over 90 percent of all appropriations, obviously defines these rates of increase. Significant increases in the budget for the Department of Education and the Department of Job and Family Services account for a large portion of the increase in the operating budget (for more detail, please see the discussion of the highlights of H.B. 94, below). Also of special note is a significant increase in the Transportation Budget for FY 2002 of 26.7 percent, followed by a sizeable decrease in FY 2003 of 13.8 percent.

After a series of reductions from original appropriation recommendations, the appropriations from the GRF in the General Operating Budget received a 1.5 percent "across-the-board" reduction, with exemptions granted for some agencies and programs. These reductions were mandated because of declining revenue estimates and increased estimates of costs in the Medicaid program. Also in the mix that made for an especially tight budget was an increase to primary and secondary education of approximately $1.4 billion over the biennium.

In addition to reductions in appropriations, H.B. 94 approved certain transfers, if needed. The Director of Budget and Management was given authority during FY 2002 to transfer up to $100 million in cash—i.e., the balance of the fund—from the Family Services Stabilization Fund to the General Revenue Fund. The Director of Budget and Management, with Controlling Board approval, may transfer up to $150 million from the Budget Stabilization Fund to the General Revenue Fund and increase the appropriation to ALI 600-525, Health Care/Medicaid, if it appears that the costs in the program are likely to exceed the appropriated amount.

Other transfers to the GRF permitted over the biennium include a transfer of up to $30 million from unclaimed funds and a transfer of up to $31.8 million from non-federal, non-GRF and not constitutionally restricted funds. H.B. 94 also permits the Director of Budget and Management to transfer up to $5 million per year from the Budget Stabilization Fund to the Controlling Board's Emergency Purposes fund with Controlling Board approval. In addition to these transfers, the budget included certain other revenue enhancements. See the Revenues and Taxation section, below.

Two state commissions were eliminated in H.B. 94: the State and Local Government Commission and the Women's Policy and Research Commission. In addition, the Fatherhood Commission and the Correctional Institution Inspection Committee, although not eliminated, had their state funding levels reduced to zero.

The General Operating Budget act also included a provision to move the federal Temporary Assistance for Needy Families (TANF) block grant funds out of the GRF and into a federal special revenue rotary account in order to improve the ability to manage these funds.

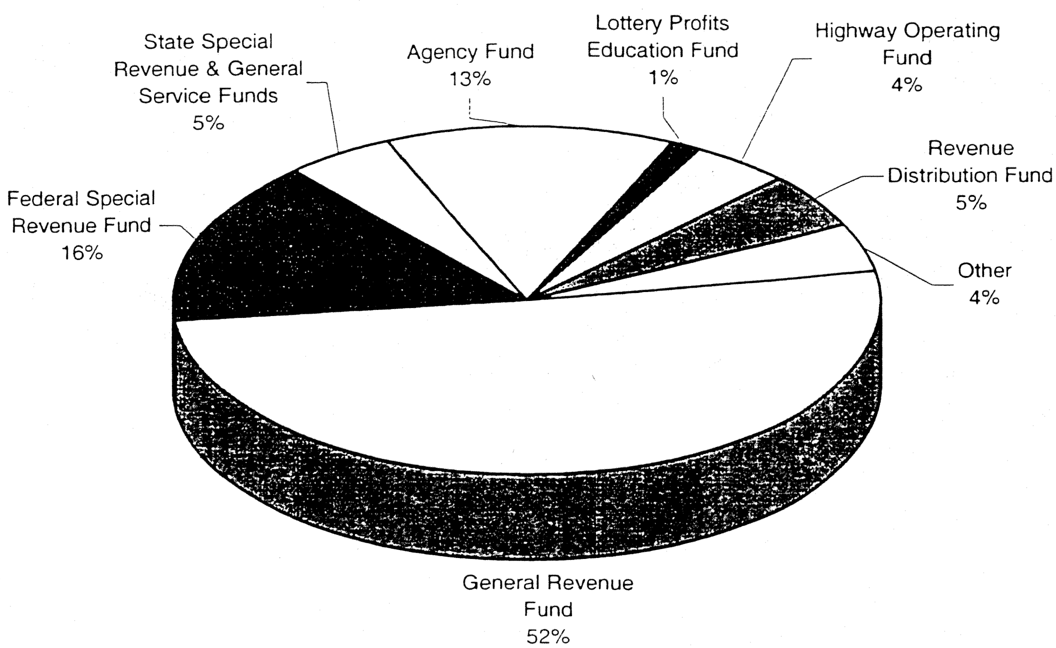
The Governor exercised the line item veto power forty-nine times to strike various items from H.B. 94. On a number of these items, especially earmarks of Temporary Assistance for Needy Families (TANF) funds and funds that have been transferred from TANF to the Social Services Block Grant, the General Assembly reached compromise positions with the Governor in Am. Sub. H.B. 299 to restore the vetoed provisions.

APPROPRIATIONS BY FUND GROUP

Chart 1 shows the portion of total state appropriations funded by each of the state fund groups for the FY 2002-2003 biennium. See the spreadsheets for information on funding by agency, by line item, and by fund group within each agency for fiscal years 1997 through 2003.

The state General Revenue Fund (GRF) is clearly the most important source for current appropriations. The rest of this section provides a brief discussion of the state GRF, along with the Lottery Profits Education Fund (LPEF), and changes in revenues and taxation. Following this are sections providing highlights of H.B. 94.

Chart 1. FY 2002-2003 Appropriations by Fund Group



STATE GRF AND LPEF FUNDING

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

Total GRF funding for the biennium increases by 11.2 percent over actual expenditures for the prior FY 2000-2001 biennium. FY 2002 GRF appropriations exceed FY 2001 expenditures by 3.9 percent, while FY 2003 GRF appropriations exceed FY 2002 appropriations by 4.9 percent.

The purchasing power of total GRF plus LPEF appropriations for the biennium is expected to grow by 5.2 percent over actual FY 2000-2001 expenditures. **Chart 2** shows the state GRF and LPEF expenditures for FY 1985 through 2001, along with the appropriations for FY 2002-2003 in both nominal amounts and amounts adjusted for inflation. Between 1985 and 2001, expenditures have grown by 152.4 percent in nominal dollars—or by 52.4 percent after inflation is taken into account. During the same period, expenditures as a percent of Ohio's gross state product (GSP) have risen from 3.9 percent to 4.5 percent, and are expected to rise to 4.8 percent in the FY 2002-2003 biennium (see **Chart 3**).

Chart 2. Total State GRF and LPEF Expenditures
(in millions of dollars)

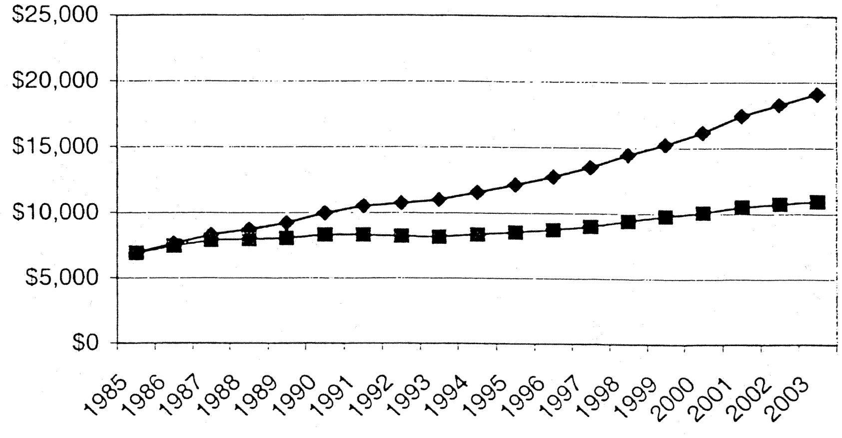
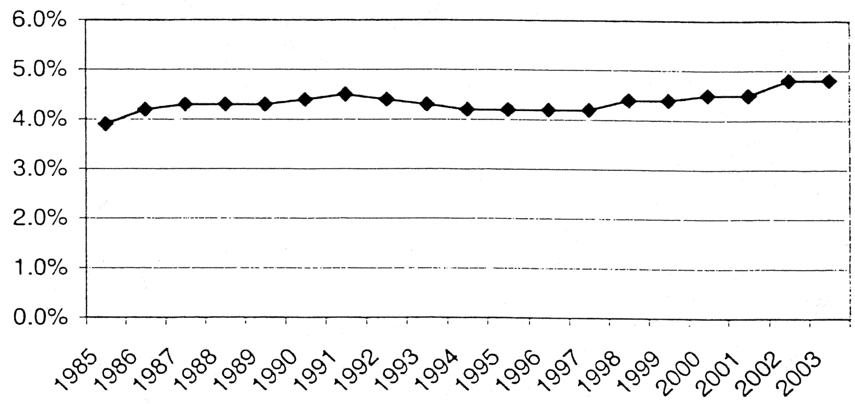


Chart 3. State GRF and LPEF Appropriations as a percentage of Ohio GSP



As depicted in **Charts 4 and 5**, Primary and Secondary Education continues to receive the largest share of GRF appropriations ($15.4 billion over the biennium, or 41.2 percent of total state GRF plus LPEF funding, and excluding the Local Government Funds), followed by Human Services ($10.1 billion, or 27.0 percent), Higher Education ($5.2 billion, or 13.8 percent), and Corrections ($3.3 billion, or 9.1 percent). Histories of both the appropriation amounts and shares of these four program areas are included in the charts, below. Chart 4 presents the history of spending in the four program areas, plus the "Other Government" category, while Chart 5 presents the historical share of each program area (here the "Other Government" category is included in the calculations, but omitted from the chart). Individual agency appropriation and policy changes are discussed in the highlights section, below, which follows a brief discussion of revenues and taxation.

Chart 4. State GRF and LPEF Expenditures by Major Category
(in millions of dollars)

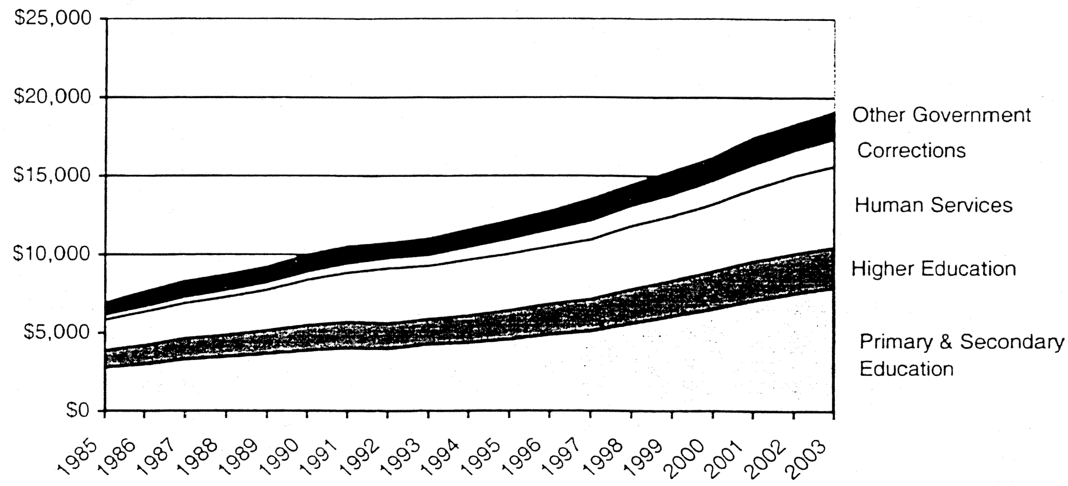
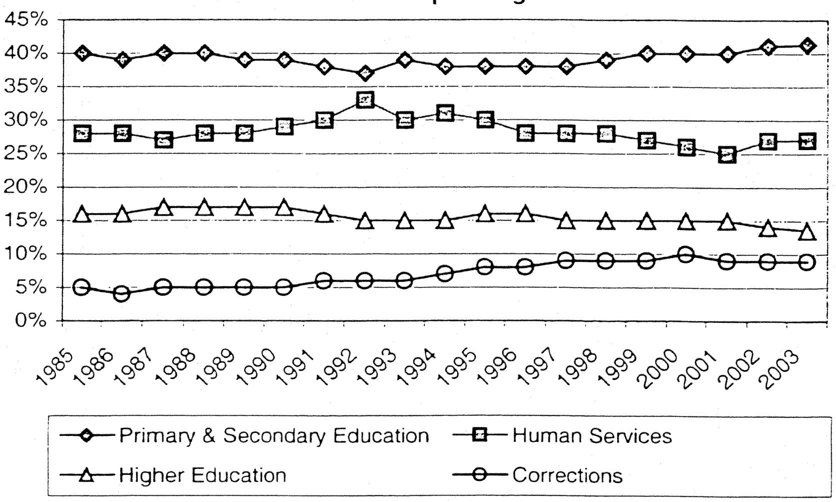


Chart 5. Program Spending as a Percentage of State GRF and LPEF Spending



Revenues and Taxation

Deposits into and distributions from the three local government funds (LGF, LGRAF, and LLGSF) for FY 2002 and FY 2003 were frozen at FY 2001 levels. The freeze is expected to add $59.4 million to the GRF in FY 2002 and $132.5 million in FY 2003. An amnesty period during FY 2002, during which taxpayers with liabilities not known to the state can report the liability and pay outstanding tax without penalty, is expected to increase GRF revenues by $22 million for the biennium. A two-year delay in the corporate increased job training expenses tax credit is expected to increase revenues to the GRF by $40 million for the biennium. A two-year delay in the commencement of the corporate research and development tax credit is expected to increase GRF revenues by $42.5 million for the biennium. (These items are discussed in greater detail in the "Tax Changes" section of the analysis.)

The budget transfers from the Treasurer of State to the Tax Commissioner the receipt and processing of sales, corporate franchise, and some excise tax returns and payments. The budget allows county treasurers of counties with a population greater than 200,000 to sell tax certificates for delinquent property taxes through negotiations with one or more persons, rather than only at public auctions.

HIGHLIGHTS OF AMENDED SUBSTITUTE HOUSE BILL 94

Primary and Secondary Education

The budget contains the state's response to DeRolph II. State GRF and LPEF appropriations for primary and secondary education totaled $15.4 billion (41.2 percent of the $37.4 billion biennial total of state GRF and LPEF, excluding the Local Government Funds). Total GRF and LPEF appropriations for the Department of Education grow by 8.0 percent in FY 2002 and 4.9 percent in FY 2003.

Funding for the Model Cost of an Adequate Education

The budget updates the base cost model and fully funds the updated base cost formula amount of $4,814 per pupil in FY 2002. For FY 2003, the inflation adjusted base cost formula amount is $4,949 per pupil. The previous phase-in approach in the cost of doing business factor (CDBF) is eliminated. The CDBF adjustment to the base cost formula amount is fully funded at the 7.5 percent range resulting in a $130 million increase in the CDBF adjustment over the biennium. Overall, the budget distributes approximately $8.7 billion in the base cost funding with the CDBF adjustment to school districts and joint vocational school districts in the FY 2002-FY 2003 biennium.

The budget establishes a new 6-weight system for special education. The new system is phased in at the 82.5 percent level in FY 2002 and at the 87.5 percent level in FY 2003. State special education weight funding for the 612 school districts is estimated to increase by 8.5 percent and 9.3 percent, respectively. The budget also expands the "catastrophic costs" subsidy to all special education students except speech-only students and provides $15 million per year for the subsidy.

A new excess cost supplement is created in FY 2003 to limit the local share of transportation as well as special and vocational education model costs to a maximum of 3 mills of local property tax levies. It provides an estimated $31.1 million in funding to over 40 percent of school districts in FY 2003.

The budget increases the transportation reimbursement rate to the greater of 60 percent or the district's state share percentage of the base cost funding beginning in FY 2003.

The disadvantaged pupil impact aid (DPIA) program provides additional funding above the base cost to school districts with certain levels of poverty. DPIA includes funding for all-day and everyday kindergarten, K-3 class size reduction, and safety and remediation measures. The budget provides $699.9 million in DPIA funding over the biennium with approximately $460.1 million (or 65.7 percent) of these funds going to the Big 8 urban districts. The budget also adopts a new poverty indicator for DPIA beginning in FY 2004. Instead of using the single measure of the number of children whose families participate in Ohio Works First (OWF), the new indicator will use the unduplicated count of children whose families participate in four state welfare programs, including OWF. The new indicator is likely to increase DPIA eligible students by 27.1 percent. State DPIA funding is likely to increase by 11.0 percent as a result.

The budget extends the charge-off supplement ("gap aid") to include the local share of the transportation model cost. Gap aid calculations will now include the local share of the base cost funding transportation model cost, as well as special and vocational education weight funding. This effectively eliminates any formula phantom revenue and ensures every school district receives the full amount of state and local shares of the adequate education model cost.

The budget requires the General Assembly to update the cost of an adequate education every six years and limits the variation of the state share percentage of the base cost funding and parity aid for years between two updates to a 2.5 percent range to stabilize the state and local shares. The state share of the base cost funding and parity aid is 49.0 percent in FY 2002—the first update year. The 49 percent state share only includes the base cost funding and parity aid and excludes other adjustments to the base cost funding. The average state share of the adequate education model cost (including the base cost and various adjustments to the base cost, such as special and vocational education weights, DPIA, and transportation) is estimated at 55.8 percent.

Parity Aid

The budget establishes Parity Aid (GRF item 200-525) to address disparities in enhancement revenues and to buffer reappraisal phantom revenue. Parity aid equalizes an additional 9.5 mills (above the adequacy level) to the 80th percentile district's wealth level. The parity aid wealth is a weighted average of property wealth (2/3) and income wealth (1/3). By using the 80th percentile level as the threshold, parity aid will significantly reduce disparities in spending above the adequacy level once it is fully implemented. Alternatively, certain districts are eligible for parity aid that provides the FY 2001 level of the income factor adjustment benefit. Overall, about 492 school districts are eligible for parity aid with no additional local effort requirement. Parity aid is to be phased in over a five-year period. The budget provides $310.1 million in parity aid over the biennium.

Other Major Initiatives

The budget begins implementation of the recommendations of the Governor's Commission on Student Success. A new Academic Standards item is created to develop new academic content standards and model curriculums and to fund communications of expectations to teachers, school districts, parents, and communities. Student Assessment receives increased funding mainly to be used to develop new achievement tests and diagnostic tests. Student Intervention Services receives funds to provide extended learning opportunities for young children most at-risk of not passing the 4th grade proficiency reading test. Funding is targeted for the 340 districts with at least 10 percent of their students below the proficient reading level.

The budget provides $32.6 million in each year to continue and expand OhioReads. The newly created Reading/Writing Improvement provides funding for Summer Institutes for Reading Intervention and various other literacy improvement projects.

The budget earmarks $5.8 million in FY 2002 and $19.4 million in FY 2003 to support the implementation of a new system of entry-year support and assessment required by Ohio teacher licensure standards. In addition to providing an annual stipend of $2,500 each to the current 935 certified teachers, funding will support an additional 1,450 teachers for their attempts to attain certification. Approximately $6.0 million per year is provided for the 12 Regional Professional Development Centers. Funding for the National Board Teacher Certification initiative totals $11.8 million over the biennium. The newly created Professional Recruitment line item receives $3.6 million over the biennium for recruiting minority teaching personnel, prospective math and science teachers, special education teachers, and principals, as well as for developing a web-based placement bureau and establishing a pre-collegiate program to target future teachers.

SchoolNet Commission: The budget appropriates $20.6 million over the biennium to provide technical and instructional professional development for schoolteachers and administrators for the use of technology. All funds from the Tobacco Settlement Education Technologies Trust Fund are dedicated to the SchoolNet Commission to be used for grants to school districts and other entities and for the costs of administering those grants. These funds are estimated to total approximately $37 million over the biennium.

Educational Telecommunications Network Commission: Operation of the Ohio Government Telecommunications Studio is transferred from the Capital Square Review and Advisory Board to the Educational Telecommunications Network Commission beginning January 1, 2002.

Lottery: Language requiring the transfer of at least 30 percent of ticket sales to the Lottery Profits Education Fund (LPEF) is eliminated.

Higher Education

Subsidies: Previous growth of the State Share of Instruction (SSI) and Challenge subsidies is curtailed for the biennium. SSI, the state's enrollment-based basic subsidy for higher education, grows by 0.62 percent and 0.58 percent to $1,659 million and $1,669 million in fiscal years 2002 and 2003, respectively. The FY 2001 amount was $1,649 million. The four big Challenge programs (Jobs, Access, Success, and Research), which provide non-enrollment-based aid to campuses, are reduced by 4.9 percent in FY 2002, followed by an increase of 0.07 percent in FY 2003. They receive $139.4 million and $139.5 million, respectively, following the FY 2001 expenditure of $146.5 million.

Tuition and fee caps: Although the subsidies' growth is limited for the biennium, the caps on yearly tuition and fee increases (currently 6 percent for university main campuses and 3 percent for other campuses) are eliminated, thereby allowing the institutions to raise tuitions and fees at will.

Student aid: Total student aid falls by 0.76 percent to $198.2 million in FY 2002, then increases by 7.8 percent to $213.6 million in FY 2003. The largest program, Ohio Instructional Grants, grows from $88.2 million in FY 2001 to $98.0 million and $111.5 million in fiscal years 2002 and 2003, respectively, to support higher maximum allowable family incomes and higher grant amounts. Student Choice Grants grows by 2.0 percent each year to $53.5 million in FY 2003. The Twelfth-Grade Proficiency Stipend is eliminated in this budget.

New initiatives: New to the budget is the Appalachian New Economy Partnership, which receives $1.0 million and $1.5 million in FY 2002 and 2003, respectively, to support private/public technology partnerships in the 29 Appalachia counties. New study groups include the Ohio Plan Study Committee to study funding for the Ohio Plan, intended to promote technological development; the Instructional Subsidy and Challenge Review Committee, to review the state subsidies' allocation formulas; and the Science and Technology Collaboration group, to manage twelve appropriation items across several agencies to promote a state science and technology strategy. The addition of a new debt service appropriation item reflects the state's recent authorization to issue general obligation bonds to finance campus capital construction.

Human Services

Job and Family Services: Overall appropriation authority for FY 2002 increased by 8.2 percent. Increases in Medicaid and related expenditures make up the bulk of the increase in the JFS budget, with smaller shares of the increase in appropriation authority coming from the federal share of the TANF program, the federally-funded Workforce Investment Act program, and the GRF-funded Disability Assistance program.

A significant portion of the JFS budget is transferred to other departments. Medicaid services provided by other departments continue to be supported with such transfers. The amount of TANF funds transferred to other departments will increase. Programs in other departments receiving transfers include: Department of Alcohol and Drug Addiction Services (for treatment and mentoring services), Department of Health (for family planning services), Department of Education (for Head Start and Student Intervention Services).

Significant portions of the JFS expenditures in the TANF program are earmarked. The bulk of these earmarks put into law the JFS plan for allocations going to counties. Other earmarks of TANF funds that were added include the following: Adult Literacy and Child Reading, Appalachian Workforce Development, Youth Diversion programs, Kinship Navigators program, Faith-Based Capacity-Building programs, the Montgomery County Out-of-School Youth Project, the Talbert House, and the Center for Families and Children. Transfers from TANF federal funds to the Social Services Block Grant (Title XX) claimed as "earned reimbursement" also received significant earmarks.

On a number of these items, especially earmarks of Temporary Assistance for Needy Families (TANF) funds and funds that have been transferred from TANF to the Social Services Block Grant, the Governor used the line item veto power to eliminate the funding for FY 2003. The General Assembly reached compromise positions with the Governor to restore funding for many of these items in Am. Sub. H.B. 299.

Medicaid: The budget appropriated \$7.1 billion in combined federal and state GRF funds in FY 2002 and \$7.6 billion in FY 2003 for the line item that funds most Medicaid programs. It also grants authority to the Director of Budget and Management to draw \$150 million from the Budget Stabilization Fund if needed to pay claims that exceed the amounts initially appropriated. The budget appropriated \$47.1 million in FY 2002 and \$54.7 million in FY 2003 for the line item that provides funding for the CHIP-II program. The increases each year support cost increases in various services of health care, and some caseload growth.

The budget did not provide for any major program expansions, but did provide for implementation of the Breast and Cervical Cancer Prevention and Treatment Act of 2000. The budget also increased the franchise fee paid by nursing facilities from \$1 per bed per day to \$3.30 per bed per day. The increased fee collections would be deposited in the newly-created Nursing Facility Stabilization Fund, to make payments to nursing facilities under specified conditions. Finally, in lieu of the Governor's proposed changes to the nursing facility reimbursement formula, H.B. 94 assigned the task of studying those changes to the Nursing Facility Reimbursement Study Council.

Mental Health: For FY 2003, the essentially flat funding across all subsidy lines and the cut in GRF line item, Community and Hospital Mental Health Services, in combination with rising costs due to negotiated pay raises, will result in a decrease in hospital and/or community mental health services. The effect of budget restrictions on the community system is likely to result in increased case loads for mental health therapists and case managers and the selective closure of some local programs.

Aging: The budget established a new GRF appropriation item, 490-416, Transportation for Elderly. The GRF appropriation contained in line item, 490-408, STARS (Seniors Teaching and Reaching Students), was eliminated but the program continues through an OhioReads Grant earmark in the Department of Education's budget. STARS allows seniors to provide tutoring and mentoring in schools. Increased funding for PASSPORT would allow the department to enroll approximately 670 new clients per month in FY 2002 and approximately 710 new clients per month in FY 2003, contingent upon HCFA approval of the waiver expansion.

Department of Mental Retardation and Developmental Disabilities: The budget redesigns the Medicaid system for the MR/DD community including requiring JFS to apply to HCFA for a Medicaid waiver expansion of at least 500 slots in each fiscal year and allowing a county board of MR/DD to locally administer waiver slots and fund these new slots pursuant to approval of a plan that must be submitted to the Department of Mental Retardation and Developmental Disabilities. The bill earmarks $9.7 million in FY 2002 and $9.9 million in FY 2003 for distributions to county boards of MR/DD to support existing Medicaid waiver related activities provided for in the plan that the county board submits to the department. The budget earmarks $2.5 million in FY 2002 and $2.7 million in FY 2003 to be used to recruit and retain the direct care staff needed to implement the services contained in an individual's individualized service plan (ISP).

Department of Health: A new line item is added to use Title XX funds transferred from the Department of Job and Family Services to the Department of Health for the purposes of abstinence-only education. The budget continues funding for family planning services using TANF state funds transferred from the Department of Job and Family Services. The budget establishes the Health Care Workforce Shortage Task Force to study the shortage and propose a state plan to address the problem.

Justice and Corrections

Department of Rehabilitation and Correction: A tight budget will force decreases in existing administrative, institutional, and parole staff. The department will also have to selectively cut the future costs of its residential and non-residential community sanctions programs, which are used to reduce jail populations and divert offenders from being sentenced to prison.

Department of Youth Services: Budget reductions will result in the department closing one of its eleven facilities. In addition, the budget transfers various juvenile justice duties of the Office of Criminal Justice Services to the Department of Youth Services, including responsibility for administration of federal juvenile justice and delinquency prevention program grants, juvenile justice system planning, data collection and analysis, auditing of grant recipients, and oversight of metropolitan county criminal justice agencies, administrative planning units, and juvenile justice coordinating councils.

Ohio Public Defender Commission: Under existing law, the state is required to reimburse counties at a rate of 50 percent of the cost of providing indigent defense services, subject to available appropriations. The level of annual GRF funding provided in the budget will in all likelihood support a state reimbursement rate for indigent defense services of between 40 percent and 42 percent.

Court of Claims: GRF budget reductions, in combination with a significant loss of staff and funding that accompanied the recent relocation of the Victims of Crime Compensation Program to the Office of the Attorney General, may force the Court of Claims to cut its operating expenditures back even further.

Office of Criminal Justice Services: The two most significant features of the office's budget involve (1) the transfer of its role in the state's federal juvenile justice and delinquency prevention program, including $10-plus million in annual federal funding and six full-time staff positions, to the Department of Youth Services, and (2) the transfer of the federal Family Violence Prevention and Services Act Program, including approximately $2.7 million in annual federal funding, $700,000-plus in annual GRF funding, and two full-time staff positions, from the Department of Job and Family Services to the Office of Criminal Justice Services.

Office of the Attorney General: While the amount of GRF funding should be sufficient for the Office of the Attorney General to deliver its existing level of services, it is likely that a number of planned law enforcement-related initiatives will have to be scaled back or delayed.

General Government

Department of Public Safety: The budget requires that various motor vehicle registration and driver license services fees charged by deputy registrars and the Registrar of Motor Vehicles be increased on a graduated scale over three years. The budget requires the Registrar of Motor Vehicles to consider prescribing a vertical license and conspicuously indicating the date on which the licensee becomes eighteen and twenty-one years of age.

Department of Administrative Services: The budget appropriates $6 million over the biennium for "E-Government" start-up costs. The funding will be used to pay for the development of an enterprise portal and accompanying electronic infrastructure needed to implement the "One Stop E-Shop" for government services. The budget appropriates $11.5 million over the biennium for ongoing systems-development costs associated with the Multi-Agency Radio Communications System (MARCS). The agency expects to bring online the first phase of the system during FY 2002.

Environmental Protection Agency: The fee on the retail sale of new tires is doubled from $0.50 to $1.00 per tire. All of the fee increase must be used toward tire removal actions generally, and at least 65 percent must go toward tire removal and cleanup at the Kirby Tire site. Additional fee increases affect the issuance of specific storm water permits.

Department of Agriculture: The new Livestock Regulation Division is charged with overseeing the regulation of consolidated animal feeding facilities for 1,000 or more animal units. The Auction Education Fund and the Auction Licensing Fund will be transferred from the Department of Commerce to the Department of Agriculture in October of 2001. Farmland Preservation receives no appropriations for the upcoming biennium.

Department of Natural Resources: The Civilian Conservation Corps program will be funded with TANF Title XX Reimbursement funds.

Development: In each year of the biennium, funding of $160 million for the Universal Service Fund and $12 million for the Energy Efficiency Revolving Loan Fund has been allocated to these new programs created under electric deregulation for assistance to low-income customers and loans to improve energy efficiency.

Controlling Board: The budget provides (1) $7.9 million in biennial appropriations to the Ohio Bicentennial Commission, (2) $2.6 million in biennial appropriations to assist various local entities in absorbing a portion of the costs associated with four state mandates, (3) a mechanism by which up to $5.0 million in each fiscal year may be transferred from the Budget Stabilization Fund for emergency purposes, and (4) $12.0 million in non-GRF biennial appropriations to provide funding for assistance to political subdivisions in recovering from natural disasters or emergencies.

***Ohio Department of Transportation (H.B. 94 portion)*:** H.B. 94 appropriated $40,828,988 in FY 2002 and $39,534,107 in FY 2003 for the department's budget. These appropriations support the department's ongoing programs in public transportation and aviation, and the Ohio Rail Development Commission.

HIGHLIGHTS OF SUB. H.B. 73

Transportation Funding

The motor vehicle fuel tax is the primary source of funding for the transportation and highways appropriation act. This tax is imposed on all motor vehicle fuel dealers upon the use, distribution, or sale of motor vehicle fuel. From the amount collected, several transfers are made for specific state use (e.g., highway debt service, Local Transportation Improvement Program, etc.). Approximately 75 percent of the remainder is distributed to the state for use by the Ohio Department of Transportation (ODOT) and the remaining 25 percent is dispersed to local governments.

Of the gas tax that is received by ODOT, the Department of Public Safety is entitled to draw up to two cents for operating the Highway Patrol. The Highway Patrol also has access to a portion of an additional two-cent levy, which equals about seven-tenths of one cent. For more on the distribution of the gas tax revenue, see the Analysis for the Department of Transportation.

Department of Transportation

H.B. 73 appropriates $1,905,708,870 in FY 2002 and $1,461,599,110 in FY 2003 for highway construction projects, including debt service on highway bonds. The bill provides an additional $372,636,000 in FY 2002 and $381,176,000 in FY 2003 for highway maintenance, and it provided $32,730,000 for each fiscal year in funding for public transportation. Railroad crossing safety upgrades receive $31,200,000 in funding over the biennium. The remainder of the $4,567,409,140 budgeted for the biennium is appropriated to pay for departmental administration, transportation planning and research, and the department's aviation program. Overall, the H.B. 73 portion of the department's budget, funded largely by motor vehicle fuel taxes and by transfers from the federal government, is budgeted to grow by 21.2 percent from FY 2001 to FY 2002, and to decrease by 17.4 percent from FY 2002 to FY 2003.

Ohio Department of Public Safety

H.B. 73 provides $413,306,083 in appropriations for FY 2002 to the department, and $433,210,814 in appropriations for FY 2003. Approximately $445.9 million of these combined amounts, or about 52.7 percent, provides the biennial budget for the Ohio State Highway Patrol. Another $239.6 million of these combined amounts, or about 28.3 percent, provides the budget for the Bureau of Motor Vehicles. The remainder of the budget provides funding for Emergency Medical Services, for the Emergency Management Agency, for the Investigative Unit, and for departmental administration. Overall, the H.B. 73 portion of the department's budget, funded largely by motor vehicle fuel taxes and by transfers from the federal government, is budgeted to grow by 2.6 percent from FY 2001 to FY 2002 and by 4.8 percent from FY 2002 to FY 2003.

- Over 60% of the Adjutant General's budget comes from federal funds
- As of FY 2001, the Ohio National Guard Scholarship Program is contained in the budget for the Board of Regents

Adjutant General

Sara Doddy, Budget Analyst

ROLE

The Adjutant General has a threefold mission that includes federal, state, and community components. Through the federal mission, the agency supports U.S. national security objectives. In 1998 and 1999 Ohio Army National Guard and the Air National Guard participated in a number of missions around the world including Operation Desert Fox in Iraq; a peacekeeping mission in Bosnia and neighboring countries; and Operation Allied Force in Kosovo. To fulfill its state mission, the agency is the state's largest emergency response team. The Governor can activate guard units to protect life and property and to preserve peace, order, and public safety. During calendar year 1999, the Ohio National Guard responded to the tornado that hit southwest Ohio near Cincinnati. To fulfill its community mission, the Adjutant General participates in many community service projects, such as GuardCare that provides free health care to Ohio's medically underserved population.

The major state sponsored recruiting inducement for the National Guard is the Ohio National Guard Scholarship program funded under the Board of Regents at $12.0 million each year. This amount exceeds GRF funding that is provided directly to the Adjutant General's Department. The scholarship program was upgraded in the FY 2000-2001 budget when the reimbursement for tuition went from 60 percent to 100 percent.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
361	$31.7 million	$33.5 million	$9.8 million	$10.2 million	Am. Sub. H.B. 94

OVERVIEW

The Adjutant General's total appropriation is $31.7 million in FY 2002, a 1.1 percent increase over FY 2001 spending and $33.5 million in FY 2003, a 5.7 percent increase over the FY 2002 appropriation. GRF appropriations decrease 11.7 percent from FY 2001 to FY 2002 and increase 4.4 percent from FY 2002 to FY 2003.

The final total appropriation for the Adjutant General decreased 2.0 percent from the Executive proposal in FY 2002 and 1.6 percent in FY 2003. The final GRF appropriation decreased 6.1 percent from the Executive proposal in FY 2002 and 5.1 percent in FY 2003.

BUDGET ISSUES

NATIONAL GUARD FUNDING

Federal appropriations fund approximately 60 percent of the budget for the Adjutant General's Department. In addition to the appropriated federal funding, there is other federal spending for military pay and equipment, which is not appropriated by the state and is spent directly by the federal government. Federal funding supports the need for well-trained military personnel who can be called to duty when needed. Ohio's ability to continue to play a role in the national military structure depends on the state's willingness to support a National Guard presence.

Continued state support is necessary to retain a National Guard presence in Ohio. The National Guard Bureau measures the state's commitment to its National Guard units by an assessment of the state's ability to maintain the human and physical assets entrusted to it. This requires the National Guard to keep adequate staffing levels and to maintain the facilities that house its military personnel. If a state fails to maintain these standards, guard units will be moved to other states. Of the 150 Army and Air National Guard units in Ohio, several are in danger of being deactivated over the next four years. The loss of guard units means the loss of personnel and equipment that can be used to respond to state emergencies, the loss of federal funds, and reduced higher education opportunities for prospective members.

In the FY 2002-2003 budget, the Adjutant General's budget for the Army and Air National Guard personnel lines (745-499 and 745-404, respectively) was exempted from the 1.5 percent general budget cut to preserve federal matching dollars the department receives based on those line items. The facilities lines, however, were not exempt from the cut. Line item 745-403, Armory Deferred Maintenance, was eliminated.

OHIO NATIONAL GUARD SCHOLARSHIP PROGRAM

Beginning in FY 2001, the tuition grant program was renamed the Ohio National Guard Scholarship Program and was moved into the budget for the Board of Regents. In addition, the tuition costs for a National Guard member at an Ohio public university are now covered 100 percent. Largely due to this increase, the program has received a significant increase in funding in the FY 2002-2003 biennium over the FY 2000-2001 biennium. In the FY 2000-2001 biennium, the actual expenditures for the scholarship program were $14,034,688. In the FY 2002-2003 biennium, the appropriation is $24,096,212, a 71.7 percent increase.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

ADJ *Adjutant General*

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	745-401	Ohio Military Reserve	$ 18,783	$ 19,026	$8,992	$ 14,677	63.22%	$ 14,972	2.01%
GRF	745-403	Armory Deferred Maintenance	$ 0	$ 227,565	$939,657	$ 0	-100.00%	$ 0	N/A
GRF	745-404	Air National Guard	$ 2,061,833	$ 1,866,505	$1,868,422	$ 1,845,527	-1.23%	$ 1,921,854	4.14%
GRF	745-406	Tuition Grant Program	$ 3,326,508	$ 444,667		$ 0	N/A	$ 0	N/A
GRF	745-409	Central Administration	$ 5,945,379	$ 4,611,765	$4,075,230	$ 3,915,557	-3.92%	$ 4,159,259	6.22%
GRF	745-499	Army National Guard	$ 3,780,293	$ 4,035,170	$4,040,553	$ 3,878,881	-4.00%	$ 3,988,519	2.83%
GRF	745-502	Ohio National Guard Unit Fund	$ 118,636	$ 118,086	$121,392	$ 105,375	-13.19%	$ 101,512	-3.67%
General Revenue Fund Total			**$ 15,251,432**	**$ 11,322,784**	**$ 11,054,247**	**$ 9,760,018**	**-11.71%**	**$ 10,186,116**	**4.37%**
537	745-604	Ohio National Guard Maintenance	$ 181,522	$ 124,310	$567,082	$ 214,464	-62.18%	$ 219,826	2.50%
534	745-612	Armory Improvements	$ 928,953	$ 662,058	$175,147	$ 529,014	202.04%	$ 534,304	1.00%
536	745-620	Camp Perry Clubhouse & Rental	$ 675,600	$ 751,135	$1,011,226	$ 1,054,359	4.27%	$ 1,094,970	3.85%
General Services Fund Group Total			**$ 1,786,075**	**$ 1,537,503**	**$ 1,753,455**	**$ 1,797,837**	**2.53%**	**$ 1,849,100**	**2.85%**
3S0	745-602	Higher Ground Training	$ 0	$ 11,622		$ 20,000	N/A	$ 20,000	0.00%
3R8	745-603	Counter Drug Operations	----	$ 0	$3,442	$ 25,000	626.31%	$ 25,000	0.00%
340	745-614	Marksmanship Program	$ 55,790	$ 0		$ 0	N/A	$ 0	N/A
341	745-615	Air National Guard Base Security	$ 1,417,496	$ 1,637,152	$1,755,066	$ 1,770,744	0.89%	$ 1,841,573	4.00%
342	745-616	Army National Guard Service Agreeme	$ 4,567,015	$ 2,868,989	$3,288,847	$ 6,429,352	95.49%	$ 6,749,210	4.97%
343	745-619	Army National Guard Training Site Agre	$ 2,239,877	$ 2,704,775	$2,791,188	$ 0	-100.00%	$ 0	N/A
3E8	745-628	Air National Guard Operations & Mainte	$ 9,827,745	$ 9,976,930	$10,629,676	$ 11,821,084	11.21%	$ 12,770,931	8.04%
Federal Special Revenue Fund Group Total			**$ 18,107,923**	**$ 17,199,468**	**$ 18,468,218**	**$ 20,066,180**	**8.65%**	**$ 21,406,714**	**6.68%**
528	745-605	Marksmanship Activities	----	$ 36,158	$61,225	$ 64,466	5.29%	$ 66,078	2.50%
State Special Revenue Fund Group Total			**----**	**$ 36,158**	**$ 61,225**	**$ 64,466**	**5.29%**	**$ 66,078**	**2.50%**
Adjutant General Total			***$ 35,145,430***	***$ 30,095,913***	***$ 31,337,145***	***$ 31,688,501***	***1.12%***	***$ 33,508,008***	***5.74%***

- Limited development of some E-Government initiatives
- Roll-out of new statewide radio system (MARCS)
- Anticipated changes to the state's centralized procurement program

Department of Administrative Services

Nelson D. Fox, Senior Analyst

ROLE

The mission of the Department of Administrative Services is to provide state agencies with centralized services pertaining to computer technology, the procurement of supplies and management of real estate, human resources, and compliance with equal opportunity statutes. In addition to these four functional divisions, DAS includes several sections that perform fiscal and administrative tasks within DAS and for the professional licensing boards. These units include the Director's Office, Chief Legal Counsel, Office of Communications, Office of Finance, Central Service Agency, and the Centralized MIS unit. A large portion of the agency's operating budget comes from charges that state agencies pay for computer support, payroll, purchasing and other centralized services.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
1,100[1]	$2.3 billion	$2.4 billion	$157.1 million	$175.8 million	Am. Sub. H.B. 94 Am. Sub. H.B. 299

OVERVIEW

Actual spending in FY 2001 amounted to $2.05 billion. Appropriations for FY 2002 increase by 10.25 percent to $2.26 billion; FY 2003 appropriations increase by 6.4 percent to $2.40 billion. Note that state payroll deductions for health benefits and unemployment compensation premiums that DAS withholds are clustered in the Agency Fund Group (AGY). Such pass-through funds account for about 83 percent of total appropriations.

GRF appropriations are increased substantially over FY 2001 spending of $130,322,364. FY 2002 GRF appropriations amount to $157,087,971; FY 2003 GRF appropriations increase by almost 12 percent, to $175,802,064. In sum, GRF appropriations represent about seven percent of DAS's total FY 2002-2003 appropriations. Debt service on state buildings, the Multi Agency Radio Communications System (MARCS) infrastructure, and other capital projects absorb much of the GRF appropriation. These non-discretionary expenses are pegged at $96,106,300 in FY 2002 and $110,268,500 in FY 2003.

The Agency Fund Group includes receipts from other state agencies for their share of health benefits and unemployment insurance premiums and other entitlements for state employees. Revenue derived from

[1] This figure represents approximate Full Time Equivalent (FTE) funded positions for FY 2002.

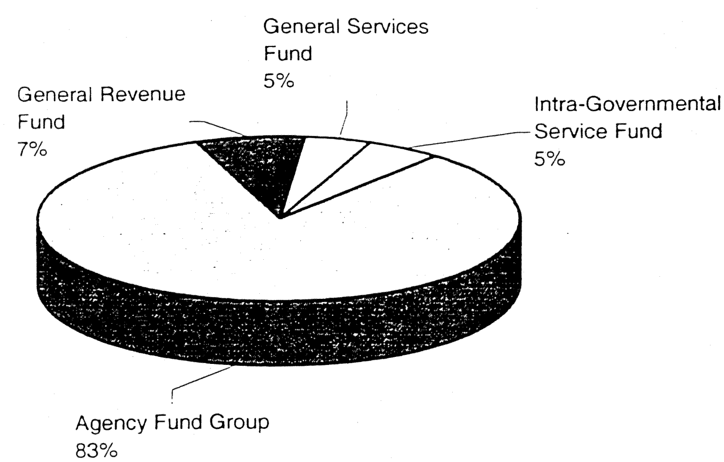
these payroll deductions and charges remain in the custody of DAS and can only be used to provide those benefits. These "pass through" revenues account for 83 percent of DAS's entire FY 2002-2003 appropriation. The Intra-Governmental Service Fund Group (ISF) includes revenue derived from major information technology services DAS provides to other state agencies. This includes the Ohio Data Network, the statewide computer network backbone, and telecommunications functions. The General Services Fund Group (GSF) consists of user fees DAS charges to other state agencies for a variety of specialized services, such as human resources management and workforce development, as well as construction oversight provided by the State Architect's Office. The Holding Account Redistribution Fund Group comprises deposits held by the State Architect for design blueprints for state construction projects. This revenue is negligible; appropriations are $20,000 in each fiscal year.

The table below displays final adjusted FY 2002-2003 appropriations by fund group.

Fund Group	FY 2002	FY 2003	Percent Change
General Revenue Fund (GRF)	$ 157,087,971	$ 175,802,064	11
General Services Fund (GSF)	$ 103,858,292	$ 108,982,305	4
Intra-Governmental Service Fund (ISF)	$ 116,482,097	$ 115,887,436	(.5)
Agency Fund Group	$1,880,600,000	$2,002,677,000	6
Holding Account Redistribution Fund Group	$ 20,000	$ 20,000	
Total	**$2,258,048,360**	**$2,403,368,805**	**6**

The pie chart below displays these fund groups and their share of DAS's FY 2002-2003 appropriations:

FY 2002-2003 Proportion of Appropriations by Fund Group



BUDGET ISSUES

E-GOVERNMENT DEVELOPMENT COSTS

GRF Funding Component-100-418, E-Government Development

During the FY 2002-2003 biennium, the agency intends to improve the state's web portal and expand citizens' and state agencies' ability to conduct routine business transactions online. The executive had recommended GRF funding of $17.5 million over the biennium in a new line item, 100-418, E-Government Development, to cover these start-up costs. The enacted FY 2002-2003 budget appropriated only $6.0 million for this purpose. A further $90,000 was deducted from this sum as a result of the 1.5 percent reduction in GRF appropriations. DAS has not yet devised an alternative E-government development plan to account for these adjustments. Until an alternative plan is set out, the agency will have to forego many of the consultant contracts and other expenditures that had been anticipated.

Non-GRF Funding: Information Technology Assessment

The budget act contains a temporary law provision, Section 13.17, which allows DAS to impose an additional Information Technology (IT) assessment on agencies that would use the electronic commerce infrastructure. This new revenue would be deposited in Fund 133, Information Technology, within the Intra-Governmental Service Fund (ISF) group, in addition to the existing rates DAS charges other agencies for shared-expenses related to computer system infrastructure. However, the federal government has since rejected this cost-recovery plan on the basis that the plan runs afoul of guidelines outlining permissible uses of federal funds. DAS has thus been forced to explore other funding alternatives.

Overall Impact on GRF-Funded Technology Projects

As a result of these budget adjustments and subsequent developments, DAS has begun to reprioritize its information technology projects, many of which are funded through the GRF. Any such change and accompanying GRF transfers would have to be made with consent from the Controlling Board. Until then, work on other projects, such as those funded by GRF line item 100-416, Strategic Technology Development Programs, may be delayed until a new technology-funding plan is put in place.

GENERAL SERVICES DIVISION—OPERATING (FUND 117)

The General Services Division houses: (1) the State Architect's Office, (2) a real estate section that manages the state's real property assets and coordinates the state's office leases, and (3) a procurement office that coordinates state purchasing for other state agencies. Funding for the Division is derived from charges to user agencies, which is deposited in Fund 117. (Funding for the State Architect's Office is also derived from charges to user agencies, but revenue and operating expenses for these services is accounted for in Fund 131).

Appropriations for Fund 117 are $5,790,000 in FY 2002 and $7,091,000 in FY 2003. It appears that these levels will not allow the Division to maintain current staff and service levels and take on a "Proposal-Based Procurement Initiative," as proposed in the Governor's recommendations. The thrust of this new program is to shift the focus of procurement from lowest cost as the lone factor in awarding contracts to an emphasis on "best value," which can encompass evaluations of vendor performance and other criteria. This method of purchasing is also aimed at increasing the volume of competitively bid contracts and reducing the number of contracts awarded by waivers of competitive selection. The Division also expects to reap savings by improving existing electronic procurement methods, such as electronic bid notification and submission and so forth. The Division intends to seek Controlling Board approval later this year for increased appropriation authority to augment the appropriations contained in the FY 2002-2003 budget act.

Human Resources Division—State and Local Government Position Classification Study

One of DAS's Human Resources Division major responsibilities is to help state human resources officials, as well as certain county and university personnel administrators, to develop and modify compensation, merit pay, and job classification plans. A major recommendation of the Governor's MIC 2000 report was to undertake a comprehensive review of state and local government job classification plans, some of which, according to the report, do not allow public employers to hire good candidates at competitive wages.

According to the Governor's recommendations, this study was to be paid for using a combination of GRF—line item 100-406, County/University Human Resources—and Human Resources Division Operating funds (Fund 125), whose revenue is derived from payroll processing and benefit administration charges applied to state agencies. As enacted, the GRF appropriation of $837,381 in FY 2002 and $826,195 in FY 2003 will probably not allow for the study to include an evaluation of county government classification systems. Note that these appropriation levels for each year are slightly below actual FY 2001 spending of $859,813.

Roll-Out of The MARCS System

The Multi-Agency Radio Communications System (MARCS), an 800-Megahertz system that will allow several state agencies to communicate and coordinate emergency services with local authorities, will become operational during the 2001-2003 biennium. As the system comes on-line statewide, user agencies will be charged a usage fee, to be deposited in Fund 5C2, MARCS. The aim is to make MARCS self-supporting in the next biennium. In the meantime, the agency received GRF appropriations of $5,270,089 in FY 2002 and $6,083,518 in FY 2003 to cover staffing costs associated with centralized systems support and some additional expenses related to tower site acquisition, for which DAS is responsible and cannot recover from user agencies.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

DAS Administrative Services, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	100-401	Subsidized Rent Payments	$ 0	----		----	N/A	----	N/A
GRF	100-402	Unemployment Compensation	$ 125,008	$ 130,817	$106,523	$ 106,097	-0.40%	$ 107,477	1.30%
GRF	100-405	Agency Audit Expenses	$ 152,301	$ 860,364	$578,853	$ 652,215	12.67%	$ 605,483	-7.17%
GRF	100-406	County/University Human Resources	$ 1,007,831	$ 1,004,053	$859,813	$ 837,381	-2.61%	$ 826,195	-1.34%
GRF	100-408	Buy Ohio Promotions	$ 23,628	$ 0		$ 0	N/A	$ 0	N/A
GRF	100-409	Departmental Information Services	$ 842,033	$ 933,766	$572,841	$ 934,107	63.07%	$ 960,849	2.86%
GRF	100-412	Information Center	$ 679,484	$ 40,996		$ 0	N/A	$ 0	N/A
GRF	100-414	Ohio Geographically Referenced Inform	$ 543,710	$ 572,509	$618,954	$ 504,724	-18.46%	$ 503,145	-0.31%
GRF	100-416	Strategic Technology Development Pro	$ 3,468,649	$ 2,192,807	$4,364,446	$ 3,418,383	-21.68%	$ 4,925,000	44.07%
GRF	100-417	MARCS	$ 1,450,177	$ 2,751,320	$3,781,597	$ 5,270,089	39.36%	$ 6,083,518	15.43%
GRF	100-418	E-Government Development	$ 0	----		$ 1,970,000	N/A	$ 3,940,000	100.00%
GRF	100-419	Ohio SONET	$ 4,865,348	$ 4,474,270	$3,602,691	$ 4,460,005	23.80%	$ 4,556,491	2.16%
GRF	100-420	Innovation Ohio	$ 301,235	$ 346,631	$289,951	$ 141,840	-51.08%	$ 141,840	0.00%
GRF	100-421	ERP Project Implementation	----	----	$268,195	$ 591,000	120.36%	$ 614,640	4.00%
GRF	100-425	Fixed Assets Management	$ 0	----		----	N/A	----	N/A
GRF	100-426	Mail Service	$ 0	----		----	N/A	----	N/A
GRF	100-427	Information Management	$ 0	----		----	N/A	----	N/A
GRF	100-428	Forms Management	$ 0	----		----	N/A	----	N/A
GRF	100-429	Agency Business Support Services	$ 1,425,553	$ 167,936		$ 0	N/A	$ 0	N/A
GRF	100-430	Year 2000 Assistance	$ 6,002,440	$ 5,636,014	$102,714	$ 0	-100.00%	$ 0	N/A
GRF	100-431	Set Aside Review Board	$ 15,261	$ 6		$ 0	N/A	$ 0	N/A
GRF	100-433	State of Ohio Computer Center	$ 4,159,840	$ 4,214,901	$4,769,388	$ 4,928,526	3.34%	$ 4,951,825	0.47%
GRF	100-434	Federal Surplus Program	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	100-435	State Government Energy Program	$ 348,259	$ 23,433		$ 0	N/A	$ 0	N/A
GRF	100-437	Risk Management	$ 0	----		$ 0	N/A	----	N/A
GRF	100-438	ODOT Building Payments	$ 1,000,000	$ 0		$ 0	N/A	$ 0	N/A
GRF	100-439	Equal Opportunity Certification Program	$ 288,909	$ 663,706	$656,413	$ 805,626	22.73%	$ 848,177	5.28%
GRF	100-447	OBA-Building Rent Payments	$ 71,493,533	$ 78,517,356	$78,669,482	$ 96,106,300	22.16%	$ 110,268,500	14.74%
GRF	100-448	OBA-Building Operating Payments	$ 21,821,009	$ 21,795,922	$21,974,191	$ 26,098,000	18.77%	$ 26,098,000	0.00%

Line Item Detail by Agency

DAS Administrative Services, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	100-449	DAS-Building Operating Payments	$ 3,287,263	$ 2,979,432	$3,097,263	$ 5,126,955	65.53%	$ 5,126,968	0.00%
GRF	100-451	Minority Affairs	$ 85,649	$ 150,227	$1,010,391	$ 117,910	-88.33%	$ 116,272	-1.39%
GRF	100-734	Major Maintenance	$ 23,923	$ 177,336	$54,595	$ 69,171	26.70%	$ 67,350	-2.63%
GRF	102-321	Construction Compliance	$ 1,439,118	$ 1,280,788	$1,160,590	$ 1,371,701	18.19%	$ 1,375,558	0.28%
GRF	130-321	State Agency Support Services	$ 2,281,806	$ 3,490,818	$3,783,474	$ 3,577,941	-5.43%	$ 3,684,775	2.99%
General Revenue Fund Total			**$ 127,131,967**	**$ 132,405,408**	**$ 130,322,364**	**$ 157,087,971**	**20.54%**	**$ 175,802,064**	**11.91%**
427	100-602	Investment Recovery	$ 3,996,979	$ 5,335,808	$4,055,368	$ 4,204,735	3.68%	$ 4,179,184	-0.61%
4P3	100-603	Departmental MIS Services	$ 3,549,466	$ 3,868,351	$3,250,579	$ 7,447,713	129.12%	$ 7,761,365	4.21%
4H2	100-604	Governor's Residence Gift	$ 0	$ 0		$ 22,628	N/A	$ 23,194	2.50%
5C2	100-605	MARCS	$ 0	----		$ 3,429,947	N/A	$ 4,475,190	30.47%
130	100-606	Risk Management Reserve	$ 47,651	$ 54,470	$26,544	$ 185,900	600.36%	$ 197,904	6.46%
5C3	100-608	Skilled Trades	$ 1,684,510	$ 1,636,406	$2,188,069	$ 2,237,200	2.25%	$ 2,332,464	4.26%
5L7	100-610	Professional Development	----	----	$119,142	$ 2,700,000	2,166.20%	$ 2,700,000	0.00%
209	100-611	Data Link	$ 0	$ 0		$ 0	N/A	$ 0	N/A
210	100-612	State Printing	$ 5,418,818	$ 5,576,463	$6,070,072	$ 6,648,503	9.53%	$ 6,928,823	4.22%
5A8	100-614	Energy Grants	$ 0	----		----	N/A	----	N/A
112	100-616	Director's Office	$ 3,659,668	$ 4,288,349	$4,634,237	$ 5,243,105	13.14%	$ 5,503,547	4.97%
128	100-620	Collective Bargaining	$ 2,313,448	$ 2,642,487	$2,585,781	$ 3,292,859	27.34%	$ 3,410,952	3.59%
5D7	100-621	Workforce Development	$ 3,108,852	$ 12,208,777	$13,818,140	$ 12,000,000	-13.16%	$ 12,000,000	0.00%
125	100-622	Human Resources Division - Operating	$ 16,346,315	$ 20,834,911	$15,607,612	$ 23,895,125	53.10%	$ 24,640,311	3.12%
127	100-627	Vehicle Liability Insurance	$ 1,644,501	$ 1,079,088	$1,500,601	$ 3,373,835	124.83%	$ 3,487,366	3.37%
132	100-631	DAS Building Management	$ 8,855,827	$ 10,112,495	$10,510,932	$ 10,887,913	3.59%	$ 11,362,872	4.36%
115	100-632	Central Service Agency	$ 806,008	$ 1,192,369	$855,032	$ 399,438	-53.28%	$ 376,844	-5.66%
122	100-637	Fleet Management	$ 1,134,584	$ 1,466,895	$1,430,220	$ 1,600,913	11.93%	$ 1,652,189	3.20%
131	100-639	State Architect's Office	$ 4,980,839	$ 6,093,397	$5,691,853	$ 7,504,787	31.85%	$ 7,772,789	3.57%
117	100-644	General Services Division - Operating	$ 4,092,401	$ 5,202,078	$5,157,710	$ 5,790,000	12.26%	$ 7,091,000	22.47%
188	100-649	Equal Opportunity Programs	$ 1,303,434	$ 853,088	$961,744	$ 1,214,691	26.30%	$ 1,253,311	3.18%
201	100-653	General Services Retail Merchandise	$ 1,331,971	$ 1,201,975	$1,415,986	$ 1,779,000	25.64%	$ 1,833,000	3.04%
General Services Fund Group Total			**$ 64,275,272**	**$ 83,647,407**	**$ 79,879,621**	**$ 103,858,292**	**30.02%**	**$ 108,982,305**	**4.93%**
3H6	100-609	Federal Grants OGRIP	$ 0	$ 0		$ 0	N/A	$ 0	N/A

Line Item Detail by Agency

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DAS	***Administrative Services, Department of***								
307	100-633	Federal Special Revenue	$ 42,264	$ 163,304	$113,983	$ 0	-100.00%	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 42,264**	**$ 163,304**	**$ 113,983**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
133	100-607	Information Technology	$ 40,034,479	$ 72,947,358	$70,693,897	$ 104,482,097	47.80%	$ 111,387,436	6.61%
123	100-613	Telecommunications	$ 26,059,819	$ 14,430		$ 0	N/A	$ 0	N/A
5M6	100-615	E-Government Development	----	----	$9,106	$ 0	-100.00%	$ 0	N/A
4N6	100-617	Major Computer Purchases	$ 3,519,592	$ 6,184,949	$974,121	$ 12,000,000	1,131.88%	$ 4,500,000	-62.50%
Intragovernmental Service Fund Group Total			**$ 69,613,890**	**$ 79,146,737**	**$ 71,677,123**	**$ 116,482,097**	**62.51%**	**$ 115,887,436**	**-0.51%**
113	100-628	Unemployment Compensation	$ 2,644,067	$ 2,146,076	$2,260,437	$ 3,500,000	54.84%	$ 3,577,000	2.20%
124	100-629	Payroll Deductions	$ 1,597,198,036	$ 1,743,081,115	$1,763,929,486	$ 1,877,100,000	6.42%	$ 1,999,100,000	6.50%
Agency Fund Group Total			**$ 1,599,842,103**	**$ 1,745,227,191**	**$ 1,766,189,922**	**$ 1,880,600,000**	**6.48%**	**$ 2,002,677,000**	**6.49%**
R08	100-646	General Services Refunds	$ 3,761	$ 5,850	$1,385	$ 20,000	1,344.04%	$ 20,000	0.00%
Holding Account Redistribution Fund Group Total			**$ 3,761**	**$ 5,850**	**$ 1,385**	**$ 20,000**	**1,344.04%**	**$ 20,000**	**0.00%**
Administrative Services, Department of Total			***$ 1,860,909,257***	***$ 2,040,595,897***	***$ 2,048,184,399***	***$ 2,258,048,360***	*10.25%*	***$ 2,403,368,805***	*6.44%*

- Compared to actual expenditures in FY 2001, GRF appropriations are reduced by 21.6% for FY 2002 and by 21.2% for FY 2003

Commission on African-American Males

Steve Mansfield, Senior Analyst

ROLE

The Commission on African-American Males (AAM) is charged with solving problems and advancing recommendations pertinent to African-American males in the areas of unemployment, criminal justice, education, and health. The commission is mandated to conduct research in these areas, hold public hearings to collect data, identify state and local programs that address solutions to problems in these areas, implement new programs and demonstration projects, and develop community education and public awareness programs. In addition to these mandates, AAM is required to report at least biennially on its activities, findings, and recommendations, and also is authorized to accept gifts, grants, and contributions from any public agency or private source. The commission consists of up to 41members, appointed by the Governor, representing a number of executive branch agencies, private associations, and other community groups, and is authorized to appoint an executive director who may hire other staff.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
2	$379,000	$381,000	$369,000	$371,000	Am. Sub. H.B. 94

OVERVIEW

AAM was originally created as the Governor's Commission on Socially Disadvantaged Black Males in 1989. Beginning in FY 1991, AAM activities were overseen and coordinated by the Ohio Civil Rights Commission. Under Am. Sub. H.B. 283 of the 123rd General Assembly, AAM was separated from its parent organization and established as an independent agency. Chapter 4112. of the Ohio Revised Code provides statutory authority for the operation of AAM.

The commission is in the process of transitioning to a fully functional independent agency. In FY 2000, an executive director was hired, but that individual left employment with the commission by the end of the fiscal year. A member of the commission served as acting executive director for much of FY 2001, but was unable to assume the executive director position full-time. At present, an employee of the Civil Rights Commission is serving as acting executive director. The commission employs two individuals who staff its office.

In FY 2000, AAM did not spend 83.5 percent of the combined amount that was budgeted that year for personal services, maintenance, and equipment. A portion of those unspent funds were transferred to another appropriation item and used to support community projects. A total of $360,786 in appropriation authority was allowed to lapse, and $203,201 was encumbered for use in FY 2001.

In FY 2001, AAM had an original appropriation of $691,837 from the General Revenue Fund (GRF). This was reduced by S.B. 346 and by executive order by a total of $107,998. Out of the adjusted appropriation, AAM had actual spending for FY 2001 of $469,941.

For FY 2002 and FY 2003, AAM's total GRF appropriation authority is $368,624 and $370,514, respectively. These appropriation amounts represent, respectively, a 21.6 percent and a 21.2 percent reduction from actual FY 2001 spending.

BUDGET ISSUES

AAM's funding request for FY 2002 was for a total of $975,641 in FY 2002, and $1,057,109 in FY 2003. The GRF portion of the request was for $761,021 in FY 2002, and for $837,123 in FY 2003. In its core budget request, AAM sought funding for six full-time positions, and for purchasing computer equipment, travel, and maintenance services. In its supplemental budget request, AAM sought funding for one additional full-time position, and funding for additional maintenance expenses that would be experienced in using donated space to decentralize AAM's activities into the state's major urban areas.

One of the significant changes in AAM's budget compared to the previous biennium is in ALI 036-502, Community Projects. ALI 036-502 was established by Controlling Board action in FY 2000, and was funded with money that was transferred from ALI 036-100, Personal Services, but which had gone unused. In FY 2001, AAM spent $133,200 from ALI 036-502. For FY 2002, AAM received appropriation authority of $37,430 in this line item, a 79.9 percent reduction. For FY 2003, the appropriation for this item is further reduced to $27,334.

Another significant change takes place in ALI 036-100, Personal Services. For FY 2002, AAM received appropriation authority of $250,720. This is up substantially from the FY 2001 actual expenditure of $136,335, but still well below the original appropriation of $563,069 for FY 2001 that was contained in Am. Sub. H.B. 283 of the 123rd General Assembly, the operating budget for the FY 2000-2001 biennium. In light of the difference between the amount requested by AAM for ALI 036-100 for FY 2002 ($597,312), AAM will have to cut back its plans to expand staffing. There is room, however, to add personnel in addition to its current two full-time staff.

In the previous biennium, AAM maintained State Special Revenue (SSR) Fund ALI 036-601 as a means by which to receive gifts, donations, and grant moneys from various sources, including other state agencies and the private sector. That line item had appropriation authority of $210,000 in each fiscal year of the FY 2000-2001 biennium. Since the actual expenditures from this line item were approximately $10,000, the appropriation level was brought down to that amount. This change in appropriation level will not affect AAM's ability to raise funds or grants, and the appropriation level can be altered by the Controlling Board if AAM receives gifts, donations, or grants that exceed this amount.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

AAM African American Males, Commission on

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	036-100	Personal Services	----	$ 83,000	$136,336	$ 250,720	83.90%	$ 263,256	5.00%
GRF	036-200	Maintenance	----	$ 25,580	$141,233	$ 46,788	-66.87%	$ 46,467	-0.68%
GRF	036-300	Equipment	----	$ 3,054	$59,172	$ 18,715	-68.37%	$ 18,587	-0.68%
GRF	036-501	CAAM Awards & Scholarships	----	$ 0		$ 14,972	N/A	$ 14,870	-0.68%
GRF	036-502	Community Projects	----	$ 0	$133,200	$ 37,430	-71.90%	$ 27,334	-26.97%
General Revenue Fund Total			**----**	**$ 111,634**	**$ 469,941**	**$ 368,624**	**-21.56%**	**$ 370,514**	**0.51%**
4H3	036-601	African American Males-Gifts/Grants	----	$ 0	$1,302	$ 10,000	667.85%	$ 10,000	0.00%
State Special Revenue Fund Group Total			**----**	**$ 0**	**$ 1,302**	**$ 10,000**	**667.85%**	**$ 10,000**	**0.00%**
African American Males, Commission on Total			----	***$ 111,634***	***$ 471,243***	***$ 378,624***	*-19.65%*	***$ 380,514***	*0.50%*

- Decrease of 5.4% from FY 2001 appropriations
- FY 2003 funding same as FY 2002 funding

Joint Committee on Agency Rule Review

Sean S. Fouts, Budget Analyst

ROLE

The Joint Committee on Agency Rule Review (JCARR) monitors proposed new, amended, and rescinded rules from all state agencies to ensure the following: that the change is within the scope of the rule-making agency's statutory authority; that the change does not conflict with an existing rule of the agency or an existing rule from a different agency; and that the change does not conflict with legislative intent. JCARR also ensures that the agency has prepared a complete and accurate rule summary and fiscal analysis of the proposed rule. If the preceding criteria are not met, JCARR recommends that the General Assembly invalidate a rule. The Committee has six staff members, in addition to five committee members appointed by the Speaker of the House of Representatives and five committee members appointed by the President of the Senate.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
6	$360,000	$360,000	$360,000	$360,000	Am. Sub. H.B. 94

OVERVIEW

For the upcoming biennium, JCARR will have $360,393 per year to cover its operating expenses. This includes personnel costs, meeting and travel expenses, and maintenance costs.

Language in the budget bill specifies that the Chief Administrative Officer of the House of Representatives and the Clerk of the Senate will determine by mutual agreement which of them will act as JCARR's fiscal agent.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
JCR Joint Committee on Agency Rule Review							
GRF 029-321 Operating Expenses	$ 282,568	$ 303,668	$360,554	$ 360,393	-0.04%	$ 360,393	0.00%
General Revenue Fund Total	**$ 282,568**	**$ 303,668**	**$ 360,554**	**$ 360,393**	**-0.04%**	**$ 360,393**	**0.00%**
Joint Committee on Agency Rule Review Total	***$ 282,568***	***$ 303,668***	***$ 360,554***	***$ 360,393***	***-0.04%***	***$ 360,393***	***0.00%***

- For the biennium, the agency appropriations equal $656,173,265
- ODA's budget increases by 8.5% over FY 2001 actual expenditures in FY 2002 and by 5.7% over FY 2002 in FY 2003

Department of Aging

Amy Frankart, Budget Analyst

Role

The Ohio Department of Aging (ODA) advocates for and serves the needs of Ohio's citizens age 60 years and older. The department strives to improve the quality of life for older Ohioans through both state and federal programs that emphasize community-based and self-care options. Over 90 percent of all funds appropriated in the department's budget are for community-based long-term care (LTC) and senior independence services.

The department administers programs such as PASSPORT (Pre-Admission Screening System Providing Options and Resources Today), Residential State Supplement (RSS), Alzheimers Respite Care, Long-Term Care Ombudsman and the Golden Buckeye Card program. About 75 percent of the department's budget is directed to PASSPORT. The department also provides technical assistance to the 12 Area Agencies on Aging (AAA's). The AAA's administer state and federal senior citizen programs throughout Ohio.

Programs administered by the department under the federal Older Americans Act include: congregate meals, home-delivered meals, senior employment, chore services, counseling, adult day care, education, employment, escort, friendly visitor, health services, home health aide, home maintenance, homemaker, information/referral, legal services, nutrition, outreach protective services, recreation, respite care, telephone reassurance, transportation, and volunteers.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
110	$319 million	$337.2 million	$97.3 million	$99 million	Am. Sub. H.B. 94

Overview

For the biennium, the agency appropriations equal $656,173,265. In FY 2002, total appropriations for the department are $318,955,169. In FY 2003, this figure increases to $337,218,096. The budget act increases the department's budget by 8.5 percent over FY 2001 actual expenditures and by 5.7 percent over FY 2002.

The department's GRF appropriations represent approximately 30 percent of the total agency budget in each year of the FY 2002-2003 biennium. The GRF portion of the department's budget is 3.0 percent below FY 2001 actual expenditures in FY 2002 and 1.7 percent over FY 2002 appropriations in FY 2003.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

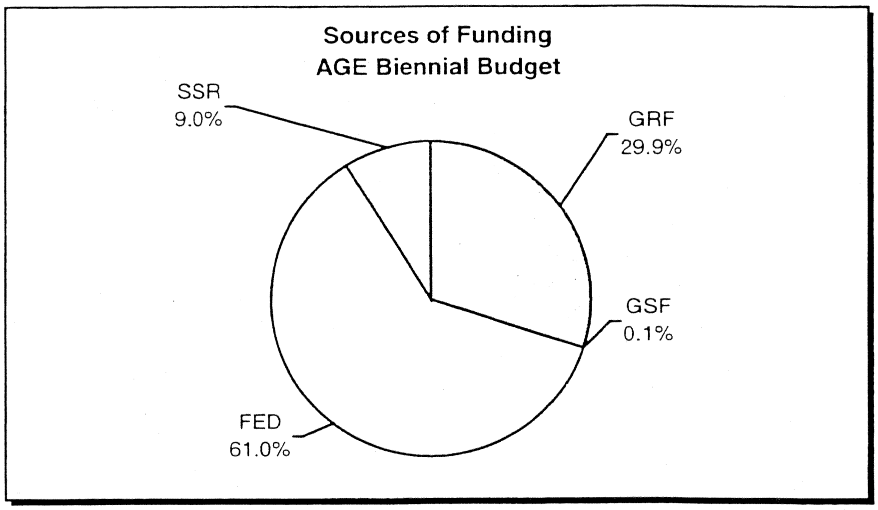
AGE Aging, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	490-100	Personal Services	$ 1,921,795	$ 2,048,487	$2,010,588	$ 0	-100.00%	$ 0	N/A
GRF	490-200	Maintenance	$ 785,133	$ 915,523	$924,185	$ 0	-100.00%	$ 0	N/A
GRF	490-300	Equipment	$ 15,945	$ 17,507	$16,966	$ 0	-100.00%	$ 0	N/A
GRF	490-321	Operating Expenses	----	----		$ 2,853,492	N/A	$ 2,834,186	-0.68%
GRF	490-403	PASSPORT	$ 52,577,880	$ 56,510,722	$57,951,192	$ 60,630,444	4.62%	$ 62,563,924	3.19%
GRF	490-404	Eldercare	$ 243,256	$ 220,941	$131,645	$ 0	-100.00%	$ 0	N/A
GRF	490-405	Golden Buckeye Card	----	----		$ 371,897	N/A	$ 371,897	0.00%
GRF	490-406	Senior Olympics	----	----		$ 39,264	N/A	$ 39,264	0.00%
GRF	490-407	Long-Term Care Consumer Guide	----	----		$ 613,457	N/A	$ 613,457	0.00%
GRF	490-408	STARS	$ 1,228,325	$ 1,543,711	$2,237,713	$ 0	-100.00%	$ 0	N/A
GRF	490-409	Ohio Community Service Council Opera	$ 297,226	$ 319,504	$300,599	$ 306,965	2.12%	$ 306,965	0.00%
GRF	490-410	Long-Term Care Ombudsman	$ 1,359,130	$ 1,956,436	$1,319,191	$ 1,390,877	5.43%	$ 1,390,877	0.00%
GRF	490-411	Senior Community Services	$ 12,061,714	$ 14,504,630	$15,974,463	$ 13,577,979	-15.00%	$ 13,577,979	0.00%
GRF	490-412	Residential State Supplement	$ 12,232,171	$ 11,870,998	$13,346,854	$ 12,346,572	-7.49%	$ 12,106,551	-1.94%
GRF	490-413	Assisted Living	$ 0	----		$ 0	N/A	$ 0	N/A
GRF	490-414	Alzheimer's Respite	$ 1,359,244	$ 2,789,331	$4,218,039	$ 4,370,123	3.61%	$ 4,370,123	0.00%
GRF	490-415	Task Force Study	$ 43,831	$ 7,243		$ 0	N/A	$ 0	N/A
GRF	490-416	Transportation for Elderly	$ 0	----		$ 180,255	N/A	$ 180,255	0.00%
GRF	490-418	Area Agency on Aging Region 9	$ 856,113	$ 251,210	$604,556	$ 0	-100.00%	$ 0	N/A
GRF	490-499	Senior Employment Program	$ 15,189	$ 14,981	$16,342	$ 15,340	-6.13%	$ 15,340	0.00%
GRF	490-504	Senior Facilities	$ 342,683	$ 443,844	$741,500	$ 128,050	-82.73%	$ 98,500	-23.08%
GRF	490-506	Senior Volunteers	$ 455,074	$ 471,650	$504,707	$ 484,240	-4.06%	$ 489,131	1.01%
GRF	490-510	Homecare Ombudsman/Boarding Hom	$ 17,885	$ 0		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 85,812,594**	**$ 93,886,718**	**$ 100,298,541**	**$ 97,308,955**	**-2.98%**	**$ 98,958,450**	**1.70%**
481	490-601	Golden Age Village Rental	$ 0	----		----	N/A	----	N/A
480	490-606	Senior Citizens Services Special Events	$ 121,378	$ 112,016	$182,494	$ 363,587	99.23%	$ 372,677	2.50%
5E9	490-619	Janis Center	$ 42,509	$ 1,118		$ 0	N/A	$ 0	N/A
General Services Fund Group Total			**$ 163,887**	**$ 113,134**	**$ 182,494**	**$ 363,587**	**99.23%**	**$ 372,677**	**2.50%**
3C4	490-607	PASSPORT	$ 94,431,257	$ 88,895,020	$108,175,708	$ 129,645,833	19.85%	$ 144,875,065	11.75%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
AGE Aging, Department of									
3M3	490-611	Federal Aging Nutrition	$ 17,483,661	$ 20,117,003	$21,581,495	$ 22,943,588	6.31%	$ 23,517,178	2.50%
3M4	490-612	Federal Supportive Services	$ 15,079,085	$ 15,894,361	$15,522,644	$ 21,025,940	35.45%	$ 21,545,338	2.47%
3R7	490-617	AmeriCorps Programs	$ 3,898,168	$ 4,988,337	$6,702,425	$ 7,350,920	9.68%	$ 7,350,920	0.00%
322	490-618	Older Americans Support Services	$ 9,546,112	$ 10,324,454	$9,501,762	$ 10,873,661	14.44%	$ 11,144,778	2.49%
Federal Special Revenue Fund Group Total			**$ 140,438,283**	**$ 140,219,175**	**$ 161,484,034**	**$ 191,839,942**	**18.80%**	**$ 208,433,279**	**8.65%**
4U9	490-602	PASSPORT	$ 3,000,000	$ 7,300,000	$7,500,000	$ 5,000,000	-33.33%	$ 5,000,000	0.00%
4H1	490-603	Aging Services	$ 0	$ 0	$19,499	$ 0	-100.00%	$ 0	N/A
624	490-604	GCSC Community Support	----	$ 2,213	$1,088	$ 2,500	129.89%	$ 2,500	0.00%
4C4	490-609	Regional Long-Term Care Ombudsman	$ 396,769	$ 769,899	$403,679	$ 440,185	9.04%	$ 451,190	2.50%
4J4	490-610	PASSPORT/Residential State Supplem	$ 24,000,000	$ 24,000,000	$24,000,000	$ 24,000,000	0.00%	$ 24,000,000	0.00%
5K9	490-613	Nursing Home Consumer Guide	----	----	$287,633	$ 400,000	39.07%	$ 400,000	0.00%
State Special Revenue Fund Group Total			**$ 27,396,769**	**$ 32,072,112**	**$ 32,211,899**	**$ 29,842,685**	**-7.36%**	**$ 29,853,690**	**0.04%**
Aging, Department of Total			***$ 253,811,533***	***$ 266,291,139***	***$ 294,176,968***	***$ 319,355,169***	***8.56%***	***$ 337,618,096***	***5.72%***

Appropriations by Fund Group

The following chart illustrates the various funding sources of the Department of Aging's biennial budget.



BUDGET ISSUES

PASSPORT
(PRE-ADMISSION SCREENING SYSTEM PROVIDING OPTIONS AND RESOURCES TODAY)

PASSPORT is a home and community-based Medicaid Waiver program that enables older persons who are in need of a nursing home level of care to stay at home by providing them with in-home services. The services that are available are as follows: case management; personal care; homemaker; home delivered meals; adult day care; respite care; registered nurses; speech, occupational, and physical therapy; emergency response systems; home chores and home repairs; medical supplies and equipment; adaptive and assistive equipment.

To be eligible for the program, a person must meet both financial and non-financial requirements. A person must: (1) be Medicaid eligible; (2) be 60 years old or older; (3) be in need of a nursing home level of care; (4) be in need of services not readily available from other community resources; (5) be evaluated periodically to determine need and eligibility of services; (6) be under a physician-approved service plan; (7) be adequately assured of health and safety living at home; and (8) not have elected to use Medicaid or Medicare hospice benefits.

The federal government restricts the number of persons who may be served each year in a Medicaid Waiver program. The maximum number that could be served in the PASSPORT program was 24,488 in FY 2001.

PASSPORT is funded with state GRF, nursing home franchise fees, the off-track betting tax, and federal Medicaid reimbursement. PASSPORT funding is increased by approximately \$21.7 million in FY 2002 and by \$17.1 million in FY 2003. This increase will allow the department to serve approximately 25,586 clients in FY 2002 and 27,206 clients in FY 2003, contingent upon the Centers for Medicaid and Medicare

Services (CMS, formally known as HCFA) slot approval. For FY 2001, the estimated unduplicated client count was approximately 24,415. For the purposes of this program, a "slot" equals an unduplicated client. For example, one client enrolled in the program for one day equals one slot. The table below summarizes the PASSPORT waiver limits.

Fiscal Year	Current CMS Limit	Requested CMS Limit	Difference	New Clients Served Each Month
FY 2001	24,488	24,488	-0-	-0-
FY 2002	24,745	25,586	841	674
FY 2003	24,891	27,206	2,315	710

The budget act increases GRF appropriations for PASSPORT by approximately $2.65 million in FY 2002 and by another $1.9 million in FY 2003. Franchise fee revenue for the program is held constant over the next biennium at $24 million per year. Federal appropriation authority is increased by approximately $21.5 million in FY 2002 and by approximately another $15.2 million in FY 2003 as federal reimbursement is expected to increase as all other state funding for PASSPORT increases. Appropriation authority to spend off-track betting revenues is decreased by $2.5 million in FY 2002 and remains constant in FY 2003.

RSS (Residential State Supplement)

The RSS program provides cash assistance to aged, blind, or disabled adults who have increased financial burdens due to a medical condition. This condition, however, may not be severe enough to require institutionalization. Persons participating in the RSS program reside in a group home setting and receive a protective level of care. The program provides a cash supplement to people who live in adult foster care homes, adult care facilities, and rest homes, and whose income does not exceed the RSS payment standard. Clients receive the supplemental payment directly and then pay the RSS providers themselves. The monthly supplement is currently $600 to $900 depending on the particular kind of home, apartment, or facility in which they live. The resident keeps at least $50 each month for their personal care needs. An RSS recipient is also eligible for Medicaid services such as doctors' visits and prescriptions.

Currently, the RSS waiting list averages 1,400 individuals. The Ohio Administrative Code limits enrollment in RSS to 2,800 residents at any given time; RSS has reached this limit. More than half of the recipients are under age 60. In addition, more than half of the recipients suffer from some type of chronic mental illness.

The Department of Aging administers the RSS program, although the Department of Job and Family Services (JFS) issues the warrants to recipients. In addition to GRF funding, the RSS program receives a portion (approximately $2.8 million in FY 2001) of the nursing facility bed tax moneys, which are transferred from JFS to the Department of Aging's SSR Fund 4J4 line item 490-610, PASSPORT/Residential State Supplement.

The budget act provides sufficient appropriations to maintain current RSS enrollment levels of 2,770 individuals during the next biennium. Specifically, the budget act appropriates $12.3 million in GRF funds in FY 2002 (7.5 percent less than FY 2001 actual expenditures) and $12.1 million in GRF funds in FY

2003 for RSS (approximately 2.0 percent less than FY 2002 appropriations). The overall decrease in funding for RSS will not result in a decrease of current program services.

In addition, temporary law in the budget act sets aside up to $2,385,000 in each fiscal year of the appropriation in line item 490-610, PASSPORT/Residential State Supplement, to fund the Residential State Supplement program. That line item receives franchise fee revenue from a tax charged on private nursing home beds in the state.

Senior Community Services Block Grant

This program targets individuals age 60 and older who are in need of support services in order to remain independent. This program is meant to augment the federal funds received under Title III. The program serves individuals who are not eligible for Medicaid.

At first glance, it appears that Senior Community Services Block Grant funding is decreased 15.0 percent below FY 2001 expenditures in FY 2002 and is flat funded in FY 2003. Closer analysis reveals that FY 2001 actual expenditures do not account for the timing of grant awards, and the actual expenditures include FY 2000 grant awards. Overall, the GRF appropriation item 490-411, Senior Community Services, decreases 1.9 percent in FY 2002.

STARS (Seniors Teaching and Reaching Students)

Appropriation authority for the STARS program was previously contained in the Department of Aging's GRF appropriation item 490-408, STARS. The budget act eliminates appropriation authority in appropriation item 490-408 and instead earmarks $2,073,752 in FY 2002 and $2,083,552 in FY 2003 in the Department of Education's budget in appropriation item 200-566, OhioReads Grants, for the STARS program.

First funded in Am. Sub. H.B. 215 of the 122nd General Assembly, the STARS program offers senior citizens an opportunity to provide tutoring and mentoring to students in schools. The goals of the program are to improve the academic performance of students, enhance self-esteem, expand family involvement, and increase volunteer opportunities for older adults to be involved in the education of youth. In the 1999-2000 school year, 19 grants were awarded involving 43 schools and 480 volunteers.

Transportation for the Elderly

The budget act creates new GRF appropriation item 490-416, Transportation for the Elderly, to be used for non-capital expenses related to transportation services for the elderly that provide access to such things as healthcare services, congregate meals, socialization programs, and grocery shopping. The fully earmarked appropriation authority of $180,255 in each year of the biennium will be allocated to the following agencies:

- $45,000 per year to the Cincinnati Jewish Vocational Services;
- $45,000 per year to the Cleveland Jewish Community Center;
- $45,000 per year to the Columbus Jewish Federation;
- $20,000 per year to the Dayton Jewish Family Services;
- $10,000 per year to the Akron Jewish Community Center;
- $10,000 per year to the Toledo Jewish Federation;

- $5,000 per year to the Youngstown Jewish Federation; and
- $3,000 per year to the Canton Jewish Federation.

Each earmark will be slightly less than as listed to adjust for the 1.5 percent reduction (or $2,745) contained in the budget act.

Senior Facilities

This program provides a limited number of capital grants to community based organizations for the renovation and construction of senior centers. These multipurpose facilities across the state provide seniors with places where they can receive a wide variety of services such as nutritious meal services, preventative health care information services, transportation services, and socialization with peers. During the last biennium ODA provided $741,500 in grants to 26 senior centers for capital projects including, but not limited to, renovation of existing structures, updating internal systems for energy efficiencies, and construction of new centers.

The budget act appropriates $128,050 in FY 2002 and $98,500 in FY 2003 for GRF appropriation item 490-504, Senior Facilities. For FY 2002, the budget decreases funding by $613,450, or 83 percent below FY 2001 expenditures. For FY 2003, the budget decreases funding by another $29,550, or 23 percent below the FY 2002 appropriation. Of the biennial appropriation, $10,000 in each fiscal year shall be used for each of the following centers: Tri-City Senior Center, Westlake Senior Center, and Rocky River Senior Center. In either FY 2002 or FY 2003, $10,000 shall also be used for each of the following centers: Jilliard Senior Center, Northwest Stark County Senior Center, and North Ridgeville Senior Center.

Eldercare (previously Options for Elders)

The Options for Elders program was started in FY 1990 to provide a single point of entry for persons seeking information and/or services about the aging care network. There were two pilot sites, one in Franklin County, which served as the urban pilot program, and a consortium of nine rural counties in Southeastern Ohio, which served as the rural pilot program.

The pilot programs began to be phased out in FY 1992. Amended Sub. H.B. 298, the operating budget passed by the 119th General Assembly, began to phase out the service delivery portion of the Options program, but retained the information and assistance portion as part of the PASSPORT program. Options for Elders clients were enrolled in PASSPORT or the RSS program whenever possible. State GRF moneys were appropriated to maintain those clients who were enrolled before July 1991 and for whom no other care alternatives were available.

In June of 1992, Franklin County passed a Senior Services and Facility Levy to fund their Options for Elders clients who were still part of the program in FY 1993. However, the rural pilot site did not have the same single county levy option. Thus, the state maintained its commitment to fund those persons who were enrolled in the rural pilot program when it was ended. Prior to the budget act there were still about 38 clients remaining in rural southeastern Ohio who needed services.

Funding for the Options for Elders program (490-404) has been eliminated in the budget act. It is unclear at this point if the 38 remaining clients were transitioned into other local program services.

- AGR will oversee the Livestock Regulation Program, which regulates feeding operations of 1,000 or more animal units.
- GRF funding for Gypsy Moth Prevention is increased by 103% in FY 2002.

Department of Agriculture

Wendy Risner, Budget Analyst

ROLE

Ohio's Department of Agriculture is primarily a regulatory agency responsible for the quality of the state's food supply. The agency's other priorities include promoting Ohio's agricultural products in domestic and international markets, controlling livestock diseases, inspecting amusement rides, and enforcing the state's weights and measures laws by inspecting commercial measuring devices and packaged agricultural commodities. The department administers these activities through 11 separate program areas. The department currently employs 485 staff. This number is expected to increase to 492 during FYs 2002 and 2003 due in large part to the new Livestock Regulation Program.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
485	$42.2 million	$44.0 million	$22.9 million	$23.8 million	Am. Sub. H.B. 94 Am. Sub. H.B. 3

OVERVIEW

Departmental appropriations for FY 2002 total $42,172,291, which is an 11.6 percent increase over actual FY 2001 disbursements. Appropriations for FY 2003 total $43,978,694. This represents a 4.3 percent increase over FY 2002 levels. GRF appropriations receive a 2.2 percent increase for FY 2002 and a 3.8 percent increase for FY 2003.

GRF funding accounts for 54 percent of the total appropriations for both fiscal years. This figure is lower than in past years. In the previous biennium, GRF funding accounted for 59 percent of the total funding. The State Special Revenue Fund represents 25 percent of total funding, while the Federal Special Revenue Fund is approximately 21 percent.

Notable funding increases for the FY 2002-2003 biennium occur in the department's Gypsy Moth Prevention Program. This program will receive $623,716 in FY 2002 and $624,765 in FY 2003.

BUDGET ISSUES

LIVESTOCK REGULATION PROGRAM

This program will oversee consolidated feeding operations of 1,000 or more animal units. This is a new program for the Department of Agriculture. Sub. S.B. 141 of the 123rd General Assembly transferred most of the authority to permit and regulate concentrated animal feeding facilities to the Department of Agriculture from the Ohio Environmental Protection Agency. The department has indicated that it will need 17 employees for the program. GRF appropriations constitute the majority of funding with $2,992,814 for the biennium. A state special revenue fund will hold application fees, civil fines, and money for hazardous discharge expenses to be used to help administer the program. Appropriation item 700-604, Livestock Management Program in Fund 5L8, will receive $500,000 for the biennium.

GYPSY MOTH PREVENTION

The gypsy moth is an insect that is highly destructive to forests, trees, and landscapes throughout the nation. It also decreases timber value, lowers the quality of life for people living in infected areas, affects water quality, and damages wildlife habitats. According to the department, Ohio has the largest contiguous advancing front of gypsy moth infestation in the nation. The Gypsy Moth Prevention program is within the Division of Plant Industry. GRF appropriation item 700-413, Gypsy Moth Prevention, has received $1,248,481 for the biennium. The department has five full-time employees concentrating on this problem. The department is currently in consultation with the Governor's Office regarding solutions to this problem.

CLEAN OHIO (STATE ISSUE 1)

The department will be involved in the implementation of State Issue 1. Am. Sub. H.B. 3 created several new funds for the receipt of bond revenues to be used for various purposes. The Department of Agriculture is responsible for the administration of the Clean Ohio Agriculture Easement Fund. That fund is in addition to the continuing Agricultural Easement Purchase Fund. The act has allocated $150,000 in FY 2002 and $320,000 in FY 2003 to appropriation item 700-409, Farmland Preservation. Appropriation item CAP-047 is granted $6,250,000 and appropriation item 700-632, Clean Ohio Agricultural Easement – Operating, is granted $146,000 for FY 2002 and $149,000 for FY 2003. The capital funds for CAP-047 will be accounted for as if in Am. Sub. H.B. 640 of the 123rd General Assembly, the most recent capital appropriations act. The Director of Agriculture is required to adopt rules governing how matching grants from the Clean Ohio Conservation Fund may be awarded for the purchase of agricultural easements. These rules must establish: 1) procedures for the solicitation and acceptance of grant applications; 2) a ranking system for grant applications based on soil type, proximity of land to other agricultural land already protected from development, the use of best management practices and a history of substantial compliance with applicable laws, development pressure, areas identified for agricultural protection in local comprehensive land use plans, and any other criteria that the director determines are necessary for selecting applications for matching grants; 3) the preparation and submittal of annual monitoring reports for agricultural easement purchases.

TRANSFERAL OF AUCTION PROGRAM FROM DEPARTMENT OF COMMERCE

The responsibility for the administration of the Auctioneer Licensing Program was transferred from the Department of Commerce to the Department of Agriculture on October 1, 2001. This transferal involves appropriation item 700-628, Auctioneers, with $346,769 in FY 2002 and $365,390 in FY 2003. Appropriation item 700-609, Auction Education, with $30,476 each year for FYs 2002 and 2003, is also transferred. The money in the funds will be transferred as the Director of Budget and Management and the Controlling Board deem proper.

ANIMAL DISEASE CONTROL

Moneys within appropriation item 700-401, Animal Disease Control, are allowed to be used for the detection, prevention, and emergency management of foot and mouth disease, mad cow disease, and the West Nile virus. Moneys can also be used for the education of the public regarding those diseases.

DEPARTMENT CUTS AND/OR ADJUSTMENTS

According to the department, adjustments or cuts will have to be made in a few program areas due to the reductions in several line items. Chief among these cuts are the following:

- **Amusement Ride Safety** – Appropriation item 700-402, Amusement Ride Safety, will receive $226,451 in FY 2002. This is a 28.6 percent reduction from actual FY 2001 expenditures. In FY 2003, the program will receive a 1.9 percent increase with $230,769. As a result of this reduction, the department is considering raising fees charged for inspection services.

- **Ohio Proud** – Appropriation item 700-404, Ohio Proud, will receive $219,513 for FY 2002, which is a 10.6 percent reduction from actual FY 2001 expenditures. Consequently, the department is considering a program reduction.

- **International Trade and Market Development** – In FY 2002, appropriation item 700-411, International Trade and Market Development will receive a reduction in funding of 30.0 percent from actual FY 2001 expenditures. The program will receive $777,776 in FY 2002 compared to $1,111,185. Additionally, the program will receive another reduction in FY 2003. In FY 2003, the program will receive $589,091, which is a 24.3 percent reduction from FY 2002 appropriations. As such, the department plans to freeze two positions and is also discussing further adjustments.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

AGR Agriculture, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
057	700-632	Clean Ohio Agricultural Easement	----	----		$ 146,000	N/A	$ 149,000	2.05%
Clean Ohio Revitalization Fund Total			**----**	**----**	**----**	**$ 146,000**	**N/A**	**$ 149,000**	**2.05%**
GRF	700-100	Personal Services	$ 2,044,579	$ 5,253		----	N/A	----	N/A
GRF	700-200	Maintenance	$ 854,917	$ 31,587		----	N/A	----	N/A
GRF	700-300	Equipment	$ 219,197	$ 220,448		----	N/A	----	N/A
GRF	700-321	Operating Expenses	$ 0	$ 3,067,739	$3,283,459	$ 3,113,471	-5.18%	$ 3,284,062	5.48%
GRF	700-401	Animal Disease Control	$ 4,033,538	$ 4,009,101	$4,041,578	$ 4,275,774	5.79%	$ 4,319,331	1.02%
GRF	700-402	Amusement Ride Safety	$ 320,214	$ 319,955	$316,924	$ 226,451	-28.55%	$ 230,769	1.91%
GRF	700-403	Milk Lab Program	$ 926,019	$ 1,630,059	$1,659,076	$ 1,545,561	-6.84%	$ 1,682,259	8.84%
GRF	700-404	Ohio Proud	$ 269,393	$ 273,906	$245,461	$ 219,513	-10.57%	$ 224,842	2.43%
GRF	700-405	Animal Damage Control	$ 107,759	$ 70,228	$94,390	$ 85,478	-9.44%	$ 83,093	-2.79%
GRF	700-406	Consumer Analytical Lab	$ 806,580	$ 819,575	$747,682	$ 875,722	17.12%	$ 886,501	1.23%
GRF	700-407	Food, Dairies, & Drugs	$ 1,565,128	$ 1,457,510	$1,556,979	$ 1,401,653	-9.98%	$ 1,357,287	-3.17%
GRF	700-409	Farmland Preservation	$ 159,505	$ 161,980	$207,728	$ 150,000	-27.79%	$ 320,000	113.33%
GRF	700-410	Plant Industry	$ 1,525,872	$ 1,549,139	$1,551,322	$ 1,495,199	-3.62%	$ 1,538,196	2.88%
GRF	700-411	International Trade/Market Developmen	$ 1,168,709	$ 1,191,625	$1,111,185	$ 777,776	-30.00%	$ 589,091	-24.26%
GRF	700-412	Weights and Measures	$ 970,072	$ 1,074,328	$1,097,178	$ 976,269	-11.02%	$ 981,684	0.55%
GRF	700-413	Gypsy Moth Prevention	$ 358,234	$ 410,707	$307,097	$ 623,716	103.10%	$ 624,765	0.17%
GRF	700-414	Concentrated Animal Feeding Facilities	----	----		$ 22,926	N/A	$ 22,323	-2.63%
GRF	700-415	Poultry Inspection	$ 262,018	$ 300,500	$311,137	$ 317,422	2.02%	$ 316,146	-0.40%
GRF	700-418	Livestock Regulation Program	----	----	$582,421	$ 1,337,125	129.58%	$ 1,540,440	15.21%
GRF	700-424	Livestock Testing & Inspection	$ 148,596	$ 182,661	$157,524	$ 226,546	43.82%	$ 225,011	-0.68%
GRF	700-499	Meat Inspection Match	$ 4,195,118	$ 4,401,694	$4,541,297	$ 4,654,566	2.49%	$ 4,977,168	6.93%
GRF	700-501	County Agricultural Societies	$ 454,367	$ 451,270	$466,842	$ 459,839	-1.50%	$ 459,839	0.00%
GRF	700-503	Swine & Cattle Breeder Awards	$ 101,120	$ 97,750	$122,918	$ 111,463	-9.32%	$ 105,470	-5.38%
General Revenue Fund Total			**$ 20,490,935**	**$ 21,727,015**	**$ 22,402,196**	**$ 22,896,469**	**2.21%**	**$ 23,768,276**	**3.81%**
382	700-601	Cooperative Contracts	$ 745,485	$ 811,498	$904,650	$ 1,027,692	13.60%	$ 1,091,347	6.19%
3J4	700-607	Indirect Cost	$ 798,138	$ 792,120	$927,153	$ 1,380,026	48.85%	$ 1,314,020	-4.78%
3R2	700-614	Federal Plant Industry	$ 531,370	$ 1,603,445	$1,052,451	$ 1,607,887	52.78%	$ 1,682,330	4.63%

Line Item Detail by Agency

AGR Agriculture, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
336	700-617	Ohio Farm Loan Revolving Fund	$ 153,922	$ 137,728	$190,263	$ 181,774	-4.46%	$ 181,774	0.00%
326	700-618	Meat Inspection Service	$ 4,148,658	$ 4,495,054	$4,043,318	$ 4,401,707	8.86%	$ 4,959,973	12.68%
Federal Special Revenue Fund Group Total			**$ 6,377,573**	**$ 7,839,845**	**$ 7,117,834**	**$ 8,599,086**	**20.81%**	**$ 9,229,444**	**7.33%**
4V0	700-602	License Fees	$ 10,640	$ 21,264	$32,324	$ 0	-100.00%	$ 0	N/A
493	700-603	Fruits and Vegetables	$ 270,026	$ 277,854	$197,701	$ 212,764	7.62%	$ 171,772	-19.27%
5L8	700-604	Livestock Management Program	----	----		$ 250,000	N/A	$ 250,000	0.00%
4C9	700-605	Feed, Fertilizer, & Lime Inspection	$ 773,964	$ 754,536	$836,855	$ 909,033	8.62%	$ 975,244	7.28%
4E4	700-606	Utility Radiological Safety	$ 31,548	$ 35,161	$96,964	$ 69,016	-28.82%	$ 73,059	5.86%
5H2	700-608	Metrology Lab	----	$ 39,855	$45,559	$ 74,674	63.91%	$ 138,624	85.64%
4D2	700-609	Auction Education	----	----		$ 30,476	N/A	$ 30,476	0.00%
4P7	700-610	Food Safety	$ 166,095	$ 199,456	$280,129	$ 559,611	99.77%	$ 575,797	2.89%
4T6	700-611	Poultry and Meat Inspection	$ 35,576	$ 207,911	$42,976	$ 47,294	10.05%	$ 47,294	0.00%
494	700-612	Agr. Commodity Marketing Program	$ 165,195	$ 160,070	$170,077	$ 166,536	-2.08%	$ 169,867	2.00%
4T7	700-613	International Trade	$ 28,784	$ 41,172	$41,190	$ 161,991	293.28%	$ 166,356	2.69%
4V5	700-615	Animal Industry Lab	$ 165,276	$ 227,221	$368,663	$ 626,633	69.97%	$ 633,097	1.03%
578	700-620	Ride Inspection Fees	$ 358,818	$ 342,789	$415,555	$ 634,099	52.59%	$ 650,774	2.63%
496	700-626	Ohio Grape Industries	$ 418,434	$ 559,727	$641,706	$ 1,048,667	63.42%	$ 1,071,099	2.14%
497	700-627	Commodity Handlers Regulatory	$ 640,381	$ 559,326	$627,151	$ 566,862	-9.61%	$ 648,616	14.42%
5B8	700-628	Auctioneers	----	----		$ 346,769	N/A	$ 365,390	5.37%
498	700-628	Commodity Indemnity Fund	$ 983	$ 22,390	$470,684	$ 0	-100.00%	$ 0	N/A
579	700-630	Scale Certification	$ 136,106	$ 136,243	$188,982	$ 230,047	21.73%	$ 230,047	0.00%
652	700-634	Laboratory Services	$ 896,618	$ 1,243,614	$1,240,002	$ 1,179,560	-4.87%	$ 1,144,766	-2.95%
669	700-635	Pesticide Program	$ 1,291,445	$ 1,555,029	$1,530,122	$ 2,108,049	37.77%	$ 2,181,491	3.48%
4R0	700-636	Ohio Proud Marketing	$ 18,817	$ 21,917	$70,493	$ 125,297	77.74%	$ 133,614	6.64%
4R2	700-637	Dairy Inspection	$ 1,496,797	$ 1,074,964	$980,477	$ 1,183,358	20.69%	$ 1,174,591	-0.74%
State Special Revenue Fund Group Total			**$ 6,905,503**	**$ 7,480,499**	**$ 8,277,609**	**$ 10,530,736**	**27.22%**	**$ 10,831,974**	**2.86%**
Agriculture, Department of Total			***$ 33,774,011***	***$ 37,047,359***	***$ 37,797,639***	***$ 42,172,291***	***11.57%***	***$ 43,978,694***	***4.28%***

- The OAQDA uses no GRF moneys. Funding is generated through fees charged to those the Authority assists.
- Bonds issued by the Authority do not contribute to overall state debt.

Air Quality Development Authority

Ruhaiza Ridzwan, Economist

ROLE

The Ohio Air Quality Development Authority (OAQDA) is a nonregulatory government agency that was established in 1970 in response to environmental mandates established by the federal government in the first Clean Air Act. A seven-member board governs the Authority. The Governor appoints five of the members. The remaining two members are the directors of the Ohio Department of Health and the Ohio Environmental Protection Agency. The Authority assists Ohio businesses in complying with air quality regulations by providing technical and financial assistance.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
4	$658,000	$689,000	$0	$0	Am. Sub. H. B. 94

OVERVIEW

Appropriations for FY 2002 are $658,436. This amount is $199,492 greater than FY 2001 actual expenditures, a 43.5 percent increase. Appropriations for FY 2003 are $689,328. This amount is $30,892 greater than FY 2002 appropriations, a 4.7 percent increase. In FY 2002 and FY 2003, the appropriations are used for Small Business Ombudsman and Small Business Assistance, 29 percent and 34 percent respectively, and the rest for the agency's operating expenses.

The OAQDA provides small business assistance by providing financing assistance, through the Clean Air Resource Center, and by providing customer education.

BUDGET ISSUES

FINANCING ASSISTANCE

The OAQDA assists Ohio businesses in complying with environmental standards by financing the purchase, construction, or installation of air pollution control equipment. Since beginning operations, the Authority has issued more than 225 revenue bonds totaling over $3.8 billion to finance or refinance air pollution control equipment. In the FY 1998-1999 biennium, the Authority issued over $328 million in bonds and managed outstanding bonds or refinanced debt totaling more than $1.5 billion. According to the Authority, the amount for the FY 2000-2001 biennium was not available at the time this analysis was written.

The bonds issued by the OAQDA are air quality revenue bonds. The repayment stream and funding for the Authority come from rentals and lease payments paid by the business, agency, or utility for which the bonds were issued. Because state revenues are not used, these bonds do not contribute to overall state debt.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

AIR Air Quality Development Authority

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
570	898-601	Operating Expenses	$ 166,202	$ 192,738	$203,769	$ 243,070	19.29%	$ 258,383	6.30%
4Z9	898-602	Small Business Ombudsman	$ 182,280	$ 122,799	$224,734	$ 222,719	-0.90%	$ 233,482	4.83%
5A0	898-603	Small Business Assistance	$ 4,311	$ 4,655	$30,441	$ 192,647	532.85%	$ 197,463	2.50%
Agency Fund Group Total			**$ 352,793**	**$ 320,192**	**$ 458,944**	**$ 658,436**	**43.47%**	**$ 689,328**	**4.69%**
Air Quality Development Authority Total			***$ 352,793***	***$ 320,192***	***$ 458,944***	***$ 658,436***	***43.47%***	***$ 689,328***	***4.69%***

- GRF appropriations decrease by 10.2% from FY 2000-2001 biennium

Department of Alcohol and Drug Addiction Services

Amy Frankart, Budget Analyst

ROLE

The Department of Alcohol and Drug Addiction Services (ODADAS) was created in 1989 with the enactment of Am. Sub. H.B. 317 of the 118th General Assembly. Section 3793.02 of the ORC requires ODADAS to promote, assist in developing, and coordinate or conduct educational and research programs for the prevention of alcohol and drug addiction and for the treatment of persons who abuse alcohol and other drugs. To meet these provisions, ODADAS has organized itself into four distinct program series: 1) prevention and intervention; 2) treatment; 3) quality assurance and improvement; and 4) administration. Approximately 79 percent of ODADAS's funding is spent on treatment programs, 17 percent on prevention and early intervention programs, 3 percent on administration, and 1 percent on quality assurance and improvement.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
111 / 106*	$146.5 million	$144.8 million	$32.1 million	$31.3 million	Am. Sub. H.B. 94

*Sub. S.B. 172 of the 123rd General Assembly moved the certification and credentialing process for chemical dependency counselors from The Ohio Credentialing Board to the department until July 1, 2002. Five staff positions were added in FY 2002 to oversee the process of credentialing. In FY 2003, these five positions will be transferred to an independent state credentialing board.

OVERVIEW

Appropriations for ODADAS total $291,292,614 over the FY 2002-2003 biennium. This represents a 1.9 percent decrease from actual expenditures in the FY 2000-2001 biennium ($296,655,304). GRF appropriations total $63,392,042 over the FY 2002-2003 biennium, which includes the 1.5 percent budget cut. Section 202 of Am. Sub. H.B. 94 of the 124th General Assembly reduced GRF appropriations for several state agencies and agency line items by 1.5 percent; none of the department's line items were exempt from this cut.

Approximately 22 percent of ODADAS's funding is GRF. Federal funds account for approximately two-thirds of their total funding. The largest source of federal funds is the Substance Abuse Prevention and Treatment Block Grant. The remaining 10 percent in revenue comes from sources such as license reinstatement fees from individuals who have been convicted of drunk driving, liquor profits, and liquor permit fees; and a small percentage comes from the General Services Fund, Temporary Aid to Needy Families (TANF).

BUDGET ISSUES

AM. SUB. H.B. 484 OF THE 122ND GENERAL ASSEMBLY

The budget act appropriates and earmarks $4.0 million in each year of the biennium in GRF line item 038-401, Alcohol and Drug Addiction Services, to be allocated on a per capita basis to local boards of alcohol, drug addiction, and mental health services (ADAMHS boards) for services to families, adults, and adolescents pursuant to the requirements of Am. Sub. H.B. 484 of the 122nd General Assembly. Similar temporary language was included in the previous budget.

Under Am. Sub. H.B. 484 of the 122nd General Assembly, a public children service agency (PCSA) that identifies a child to be at imminent risk of being abused or neglected due to his or her parent's substance abuse must refer the parents and, if the child needs alcohol or other drug addiction services, the child to a drug and alcohol addiction services provider.

TANF (TEMPORARY AID TO NEEDY FAMILIES) TRANSFER

The budget act provides a total of $5.0 million in TANF funds for the department; $3.5 million in GRF line item 038-629, TANF Transfer-Treatment and $1.5 million in GRF line item 038-630, TANF Transfer-Mentoring. The TANF Transfer-Treatment funds must be used to provide substance abuse prevention and treatment services to children or their families. The TANF Transfer-Mentoring funds must be used to fund adolescent youth mentoring programs for children or their families. Eligibility for both is limited to those with income at or below 200% of the official income poverty guideline.

PLAN TO EVALUATE PER CAPITA FORMULA

The budget act stipulates that no later than June 30, 2002, ODADAS must establish a plan to evaluate the current per capita formula used in determining the allocation to ADAMHS boards of state and federal funds for services furnished by alcohol and drug addiction programs under contract with the ADAMHS boards. The plan must evaluate all of the following:

- Whether population statistics alone should be used to quantify the need for funding in a county;
- Whether other social and economic demographic indicators should be utilized; and
- The appropriateness of the current per capita formula.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill — *Version:* Enacted

ADA Alcohol and Drug Addiction Services, Dept. of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	038-321	Operating Expenses	$ 1,469,345	$ 1,549,614	$1,517,078	$ 1,478,041	-2.57%	$ 1,524,988	3.18%
GRF	038-401	Alcohol & Drug Addiction Services	$ 25,765,882	$ 31,670,710	$32,068,502	$ 29,296,220	-8.64%	$ 28,512,306	-2.68%
GRF	038-402	Vocational Rehabilitation	$ 0	----		$ 0	N/A	$ 0	N/A
GRF	038-404	Prevention Services	$ 901,920	$ 1,553,397	$1,486,042	$ 1,307,447	-12.02%	$ 1,273,041	-2.63%
General Revenue Fund Total			**$ 28,137,147**	**$ 34,773,721**	**$ 35,071,622**	**$ 32,081,707**	**-8.53%**	**$ 31,310,335**	**-2.40%**
5B7	038-629	TANF Transfer-Treatment	----	$ 1,500,000	$3,180,060	$ 3,500,000	10.06%	$ 3,500,000	0.00%
5E8	038-630	TANF Transfer-Mentoring	----	$ 114,268	$917,915	$ 1,500,000	63.41%	$ 1,500,000	0.00%
General Services Fund Group Total			**----**	**$ 1,614,268**	**$ 4,097,975**	**$ 5,000,000**	**22.01%**	**$ 5,000,000**	**0.00%**
3G2	038-602	Youth Activity Program Block Grant	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3G3	038-603	Drug Free Schools	$ 4,265,032	$ 3,821,947	$3,346,068	$ 3,500,000	4.60%	$ 3,500,000	0.00%
3H5	038-607	JOBS Program	$ 19,802	$ 0		$ 0	N/A	$ 0	N/A
3K5	038-608	Needs Assessment	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3H8	038-609	Demonstration Grants	$ 3,667,254	$ 2,582,767	$2,422,419	$ 3,093,075	27.69%	$ 3,093,075	0.00%
3J8	038-610	Medicaid	$ 12,279,536	$ 15,260,233	$24,377,284	$ 21,500,000	-11.80%	$ 21,500,000	0.00%
3N8	038-611	Administrative Reimbursement	$ 731,212	$ 628,798	$255,932	$ 500,000	95.36%	$ 500,000	0.00%
3G4	038-614	Substance Abuse Block Grant	$ 64,141,892	$ 65,990,110	$71,732,025	$ 65,062,211	-9.30%	$ 65,062,211	0.00%
Federal Special Revenue Fund Group Total			**$ 85,104,728**	**$ 88,283,855**	**$ 102,133,729**	**$ 93,655,286**	**-8.30%**	**$ 93,655,286**	**0.00%**
689	038-604	Education and Conferences	$ 249,168	$ 255,760	$85,941	$ 245,000	185.08%	$ 245,000	0.00%
4C5	038-606	Revolving Loans/Recovery Homes	$ 0	$ 0		$ 0	N/A	$ 0	N/A
5P1	038-615	Credentialing	----	----	$79,025	$ 450,000	469.44%	$ 0	-100.00%
475	038-621	Statewide Treatment & Prevention	$ 8,619,050	$ 15,022,707	$15,236,543	$ 15,100,000	-0.90%	$ 14,550,000	-3.64%
474	038-628	DWI Treatment	$ 5,760,737	$ 0		$ 0	N/A	$ 0	N/A
State Special Revenue Fund Group Total			**$ 14,628,955**	**$ 15,278,467**	**$ 15,401,509**	**$ 15,795,000**	**2.55%**	**$ 14,795,000**	**-6.33%**
Alcohol and Drug Addiction Services, Dept. of Total			***$ 127,870,830***	***$ 139,950,311***	***$ 156,704,834***	***$ 146,531,993***	***-6.49%***	***$ 144,760,621***	***-1.21%***

- Federal Programs funding increased by 22.2% for the FY 2002-2003 biennium
- Overall funding for the council increased by 1.2% in FY 2002 and 0.5% in FY 2003

Ohio Arts Council

Sara Doddy, Budget Analyst

ROLE

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

The council in FY 1998 ranked fourth among the fifty states' arts agencies in terms of budget size and thirteenth in terms of per capita funding.

The council consists of 19 members, with four appointed by the legislature and 15 appointed by the Governor. The agency's executive director is appointed by and reports to the council. The administrative, clerical, and program staff of 38 employees reports to the executive director and administers approximately 22 grant programs and five service programs.

The council's activities comprise four program divisions: Services for Artists, Support for Organizations, Arts in Communities, and Other Programs, Partnerships and Services. Among its various services, the Services for Artists division provides grants and fellowships to support individual artists, traditional arts apprenticeships and artists' projects; and it offers education residency and performing-arts touring opportunities. The Support for Organizations division provides grants to arts institutions and accounts for three-quarters of the agency's program subsidy distributions. Under this program, funds are used to provide grants to various orchestras, dance companies, radio stations, theater groups, art groups, publishers and other organizations, although individuals may also receive annual grant awards. The Arts in Communities division provides developmental assistance, grant awards and services to schools and other community cultural, educational and arts organizations. The other programs provide a variety of services and support to arts organizations around Ohio.

The council's current operations and subsidy programs are based on a master plan the agency completed in FY 1997.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
42	$16.9 million	$17.0 million	$15.6 million	$15.7 million	Am. Sub. H.B. 94

OVERVIEW

As can be seen from the above table, the Arts Council is funded at $33.9 million over the FY 2002-2003 biennium. This is a decrease of $0.6 million, or 1.7 percent, from the $34.5 million disbursed in the previous biennium. The agency's total appropriation increases by 1.2 percent in FY 2002 over FY 2001 disbursements and by 0.5 percent in FY 2003 over FY 2002 funding levels.

The Arts Council's budget, from the executive proposal to the final appropriation, decreased 2.8 percent in each year of the biennium.

The General Revenue Fund (GRF) appropriations constitute 92 percent of the total budget. As the table shows, funding is $31.3 million for the FY 2002-2003 biennium. This is a decrease of $1.4 million, or 4.3 percent, from the $32.7 million disbursed in the previous biennium. The appropriation decreases by 0.7 percent in FY 2002 from FY 2001 disbursements and increases by 0.4 percent in FY 2003 over FY 2002.

The Arts Council's grant programs are supported mainly by its one major budget item, GRF 370-502, Program Subsidies, whose appropriations are $13,001,284 for each year of the FY 2002-2003 biennium. This line item is funded by GRF appropriations and comprises over 75 percent of the agency's total budget.

A much smaller contribution to the agency's grant budget ($862,000 in each fiscal year of the biennium) is made by the line item 370-601, Federal Programs, which is funded by federal funds.

Staffing at the agency has been level for several years, except for two positions added in FY 2001. For the biennium, personnel FTE's will remain at 42.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
***Report For:* Main Operating Appropriations Bill**			***Version:* Enacted**						
ART Arts Council, Ohio									
GRF	370-100	Personal Services	$ 2,074,408	$ 2,244,107	$2,292,463	$ 2,072,941	-9.58%	$ 2,143,392	3.40%
GRF	370-200	Maintenance	$ 675,023	$ 593,758	$603,342	$ 509,475	-15.56%	$ 505,989	-0.68%
GRF	370-300	Equipment	$ 33,500	$ 44,000	$13,878	$ 21,515	55.03%	$ 21,368	-0.69%
GRF	370-502	Program Subsidies	$ 11,733,986	$ 12,276,866	$12,799,213	$ 13,001,284	1.58%	$ 13,001,284	0.00%
General Revenue Fund Total			**$ 14,516,917**	**$ 15,158,731**	**$ 15,708,896**	**$ 15,605,215**	**-0.66%**	**$ 15,672,032**	**0.43%**
460	370-602	Gifts and Donations	$ 222,021	$ 119,480	$315,549	$ 334,969	6.15%	$ 345,012	3.00%
4B7	370-603	Percent For Art Acquisitions	$ 49,849	$ 15,061	$28,594	$ 84,672	196.12%	$ 86,366	2.00%
General Services Fund Group Total			**$ 271,870**	**$ 134,541**	**$ 344,144**	**$ 419,641**	**21.94%**	**$ 431,378**	**2.80%**
314	370-601	Federal Programs	$ 885,970	$ 774,870	$635,517	$ 862,000	35.64%	$ 862,000	0.00%
Federal Special Revenue Fund Group Total			**$ 885,970**	**$ 774,870**	**$ 635,517**	**$ 862,000**	**35.64%**	**$ 862,000**	**0.00%**
Arts Council, Ohio Total			***$ 15,674,757***	***$ 16,068,142***	***$ 16,688,556***	***$ 16,886,856***	***1.19%***	***$ 16,965,410***	***0.47%***

- Debt Service payments for projects continue to represent a lion's share — nearly 97% of AFC's GRF budget
- Funding for agency operations reflect continued service levels

Arts and Sports Facilities Commission

Allison Thomas, Economist

ROLE

The Ohio Arts Facilities Commission (AFC) was created in 1988 to provide for the development, performance, and presentation of the arts in Ohio. Those responsibilities include the provision, operation, and management of arts facilities in cooperation with local government and nonprofit project sponsors, and the appropriate state agencies. The commission reports to the Governor and the General Assembly on the need for any additional facilities, and conducts reviews to ensure that the uses of Ohio arts facilities are consistent with statewide interests and the commission's purposes.

Through Am. H.B. 748 of the 121st General Assembly (as amended by Am. Sub. S.B. 310), AFC's authority was expanded to permit it to own, construct, furnish, and manage sports facilities. Since 1997, a total of $320 million has been appropriated for sports facilities projects in Akron, Cincinnati, Cleveland, and Columbus, and the commission is now responsible for 110 arts and sports facilities projects.

With the addition of two new members, the commission now consists of seven voting members appointed by the Governor, and three nonvoting members: a member of the Senate appointed by the President of the Senate, a member of the House appointed by the Speaker of the House, and the Executive Director of the Ohio Arts Council. The commission staff includes an executive director, a finance director, an information systems director, three project managers, and an administrative assistant.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
8	$34.6 million	$37.5 million	$33.6 million	$36.5 million	Am. Sub. H.B. 94

OVERVIEW

AFC's current portfolio consists of 110 projects that include arts facilities, sports facilities, and state historical facilities. Appropriations for these projects (funded through the biennial capital bill) total $297,447,171. (For project detail, see AFC Redbook 2002-2003 biennium, Additional Facts and Figures, Capital Project Summary.) AFC's annual operating expense as a percentage of total capital appropriations is approximately 1-2 percent over the last three years.

During the FY 2000-2001 biennium, the agency completed 12 projects including the Valentine Theatre in Toledo, Center of Science and Industry (COSI) Columbus, Cleveland Browns Stadium, Fort Hill State

Memorial, Carillon Historical Park, and Paul Brown Stadium in Cincinnati. Other major projects currently under construction include the Dayton Performing Arts Center, the Cincinnati Contemporary Arts Center, sports facilities projects in Cincinnati, Toledo, and Youngstown, and the Campus Martius Museum Historical Facility.

Appropriations for FY 2002 total $34,571,303 and reflect an increase of 20.6 percent above FY 2001 spending levels. The nearly $6 million funding increase can be traced to GRF line item 371-401, Lease Rental Payments, which provides funds to retire the debt of revenue bonds for projects under renovation or construction. The apparent 90 percent decrease in line item 371-321, Operating Expenses, is really a shift in those funds to 371-603, Project Administration. This Project Administration line item will use interest earned on revenue bonds to pay for the operating expenses of the commission, replacing GRF funds previously used for this purpose.

Appropriations for FY 2003 total $37,456,762 and reflect an increase of 8.3 percent above FY 2002 appropriations. Almost $3 million in additional funds has been provided for the Lease Rental Payments line item to cover increased debt service payments for newly funded capital bill projects. As with previous AFC budgets, GRF debt service payments account for more than 97 percent of this agency's budget. While capital project spending fluctuates between fiscal years, actual operations of AFC (including the newly funded line item 371-603) receive an increase of 4 percent per year, sufficient to fund current service levels.

BUDGET ISSUES

STAFFING DECREASES

Due to reductions in AFC's budget, two staffing positions, the director of operations and a project manager position, will be eliminated. These two positions are currently vacant and will not involve the layoffs of any current staff members in order to make this staffing adjustment.

PROJECT ADMINISTRATION

A new line item 371-603, Project Administration, has been created to provide funding for the operating expenses of the commission. This line item will be funded solely through the interest earned on the revenue bonds issued for capital project renovations and construction. This new line item replaces GRF funds that were previously needed by the commission for their day-to-day operations.

CHANGES TO PREVIOUS CAPITAL BILLS

Temporary law amends sections 6.01, 6.02, and 18 of Am. H.B. 640 of the 123rd General Assembly to expand the scope of the Cooper Stadium Relocation Feasibility Study project; the Crawford Museum of Transportation and Industry had its appropriation amount decreased by $500,000 within the AFC, and a $500,000 earmark and appropriation for the Euclid Beach Carousel project was added to the Department of Administrative Services.

Cooper Stadium Relocation Feasibility Study

Section 6.02 has been amended to expand the purposes for which money appropriated for the Cooper Stadium Relocation Feasibility Study can be spent to also include paying the costs of renovation of Cooper Stadium. Previously, the use of the money was limited to paying the costs of preparing a financial or development plan or feasibility study, and purchasing engineering and architectural services, designs, plans, specifications, surveys, and estimates of costs for Cooper Stadium.

Crawford Museum of Transportation and Industry

Section 18 has been amended to reduce the appropriation amount of CAP-018, Crawford Museum of Transportation and Industry, from $3,000,000 to $2,500,000, and added $500,000 to the Department of Administrative Services, CAP-785 Rural Area Historical Projects, for the newly created Euclid Beach Carousel project.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
AFC Arts and Sports Facilities Commission							
GRF 371-321 Operating Expenses	$ 774,591	$ 793,933	$1,036,292	$ 98,500	-90.49%	$ 98,500	0.00%
GRF 371-401 Lease Rental Payments	$ 20,429,683	$ 21,329,654	$27,628,607	$ 33,526,100	21.35%	$ 36,413,200	8.61%
General Revenue Fund Total	**$ 21,204,274**	**$ 22,123,587**	**$ 28,664,899**	**$ 33,624,600**	**17.30%**	**$ 36,511,700**	**8.59%**
5A1 371-602 Capital Donations	$ 5,336,753	$ 0		$ 0	N/A	$ 0	N/A
General Services Fund Group Total	**$ 5,336,753**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
4T8 371-601 Riffe Theatre Equipment Maintenance	$ 3,735	$ 18,068	$9,509	$ 22,628	137.96%	$ 23,194	2.50%
4T8 371-603 Project Administration	----	----		$ 924,075	N/A	$ 921,868	-0.24%
State Special Revenue Fund Group Total	**$ 3,735**	**$ 18,068**	**$ 9,509**	**$ 946,703**	**9,855.86%**	**$ 945,062**	**-0.17%**
Arts and Sports Facilities Commission Total	***$ 26,544,762***	***$ 22,141,655***	***$ 28,674,408***	***$ 34,571,303***	***20.57%***	***$ 37,456,762***	***8.35%***

- Law enforcement initiatives constrained by GRF budget
- AG assumes full control of Victims of Crime Compensation Program

Attorney General

Laura A. Potts, Budget Analyst

ROLE

The Office of the Attorney General is involved in the state's justice and corrections system in a variety of ways including, but not limited to, the following:

- Providing legal representation to, and initiating litigation on behalf of, statewide elected officials (including the Ohio General Assembly), and all state departments, agencies, boards, and commissions;
- Issuing formal opinions on questions submitted by state officials and agencies, as well as county prosecutors;
- Initiating legal proceedings in areas related to environmental protection, consumer fraud, antitrust, Medicaid fraud, workers' compensation fraud, and patient abuse and neglect;
- Providing Ohio's 1,200-plus law enforcement agencies with training, investigative, technological, financial, prosecutorial, and other assistance available through such arms as the Ohio Peace Officer Training Academy (POTA), the Bureau of Criminal Identification and Investigation (BCII), the Ohio Organized Crime Investigations Commission (OCIC), the Community Police Match and Law Enforcement Assistance Program, and the Capital Crimes Section; and
- Administering the state's victim assistance efforts, most notably the Victims of Crime Compensation Program.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
1,377	$161.5 million	$169.4 million	$63.4 million	$66.2 million	Am. Sub. H.B. 94

OVERVIEW

The total amount of funding appropriated to the Office of the Attorney General in FY 2002 is $16.8 million, or 11.6 percent, higher than its total actual FY 2001 expenditures of $144.7 million. For FY 2003, the total amount of funding appropriated to the Office of the Attorney General increases again, but by roughly half that amount – $8.0 million, or 4.9 percent. Relative to total actual FY 2001 expenditures, a large portion of these annual increases are the result of a sizeable increase in the appropriation authority of the Office of the Attorney General's Victims of Crime Fund (Fund 402). This increase is because the FY 2002-2003 biennium represents the first time in which the Office of the Attorney General will exercise full control over the Victims of Crime Compensation Program. Although control of the program was assumed by the Office of the Attorney General on July 1, 1999, the Court of Claims, which had been the program's primary administrator, continued to process previously submitted reparations claims during FY 2001. By the end of FY 2001, the court had closed out its involvement in the paying of these reparations claims.

Revenue

The Office of the Attorney General's GRF funding, as measured by spending group from actual FY 1998 expenditures through FY 2003 appropriations, will have increased by $17.0 million, or 34.4 percent. During that same six-year period, the GRF portion of the Office of the Attorney General's budget will have dropped from 46.6 percent to 39.1 percent. The Office of the Attorney General has filled that difference by tapping into other non-GRF funds, most noticeably the revenue-generating capability of its accounts lodged in the State Special Revenue Fund Group.

Spending

Over the six-year period that covers FY 1998 through FY 2003 appropriations, roughly 75 percent, or three-quarters, of the Office of the Attorney General's spending will have gone to finance operating expenses (personal services, purchased personal services, maintenance, and equipment). This reflects the fact that the performance of the Office of the Attorney General's duties and responsibilities are very labor-intensive.

Budget Issues

Staff & Payroll

Despite the increase in total funding for each of FYs 2002 and 2003 relative to total actual FY 2001 expenditures, the Office of the Attorney General may still need to slightly reduce its total number of staff, specifically GRF-funded staff. This is because, in the Office of the Attorney General's view, the amount of GRF funding provided in each of those fiscal years is below its calculated future cost of providing the level of GRF-funded law enforcement and civil legal services that were performed in FY 2001. There are at least two fiscal strategies that the Office of the Attorney General could follow in order to trim the size of its annual GRF payroll: (1) by leaving unfilled staff positions vacant, and (2) by shifting the burden to non-GRF funding streams.

Because of existing collective bargaining agreements, around 580, or roughly 40 percent, of the Office of the Attorney General's staff were awarded mandatory increases in annual compensation averaging 3.5 percent on July 1, 2001. The remaining staff, specifically division chiefs and attorneys, were not awarded any increase in their annual compensation, and it is unclear at this time as to when, if at all, it will be possible to raise the annual compensation of those staff. The Office of the Attorney General will face a similar situation again at the start of FY 2003.

Sub-Programs

The Office of the Attorney General is a single program agency, composed of 20-plus sections, units, and organizations that perform various legal representation and law enforcement related duties. For the purposes of this analysis of the Office of the Attorney General's budget issues, we have grouped these 20-plus entities into seven sub-program areas as follows: (1) officewide operations, (2) civil litigation, (3) criminal justice assistance, (4) agency counsel, (5) victim assistance, (6) redistribution funds, and

(7) education. Each of those seven sub-program areas and their related budgets are discussed briefly below.

Because of the nature of the Office of the Attorney General's activities and budget structure, an important caveat must be kept in mind: it is not always possible to associate a particular line item exclusively with a particular section, unit, or organization. In fact, many of the Office of the Attorney General's line items, most notably 055-321, Operating Expenses, and 055-612, General Reimbursement, fund a host of legal and law enforcement related activities.

Office-wide Operations

This sub-program essentially captures the two major line items (GRF 055-321 and non-GRF 055-612) that finance the entire range of legal and law enforcement related tasks performed by the Office of the Attorney General, including, but not limited to, the Bureau of Criminal Identification and Investigation (BCII) and the Ohio Peace Officer Training Academy (POTA).

Although relative to total actual FY 2001 expenditures, the amount of GRF funding appropriated to this sub-program in FYs 2002 and 2003 reflect annual increases of around 4 percent. It represents, at best, what might be termed continuation funding. This means that the Office of the Attorney General may be able to continue delivering its FY 2001 level of GRF-funded services in each of FYs 2002 and 2003. If that turns out not to be the case, then the Office of the Attorney General will have to trim its GRF spending, including payroll costs, which could involve shifting essential expenditures to available non-GRF funding streams. No additional GRF funding was explicitly appropriated in either of FYs 2002 or 2003 for the Office of the Attorney General to expand existing activities or to undertake new initiatives.

Civil Litigation

The Office of the Attorney General is authorized to enforce state laws, and in certain cases federal laws, that regulate the marketplace as it relates to business and consumer transactions, including the collection of overdue taxes and fees for various state agencies.

The FY 2002-2003 biennial budget essentially adjusts the appropriation authority in each of the sub-program's non-GRF funding streams so that the Office of the Attorney General can deliver its FY 2001 level of services in each of FYs 2002 and 2003. Also provided at the request of the Office of the Attorney General is an appropriation increase in the fund used by the Charitable Foundations Section (line item 055-615). That appropriation increase will be used to hire one additional investigator and one account clerk, who are needed, respectively, to address increases in complaints and inquiries, primarily related to instant bingo and video slot machines, and increases in the number of charitable trusts that are registering each year.

Criminal Justice Assistance

The Office of the Attorney General has various responsibilities in the criminal justice area, including the provision of training, investigative, and technical assistance to local law enforcement agencies. The Criminal Justice sub-program captures all of the line items that we can track exclusively to the Office of the Attorney General's law enforcement related activities.

With regard to this sub-program, the FY 2002-2003 biennial budget contains three significant things. First, it generally adjusts the appropriation authority in each of the sub-program's non-GRF funding streams so that the Office of the Attorney General can deliver its FY 2001 level of non-GRF funded services in each of FYs 2002 and 2003.

Second, and more importantly, the level of GRF funding does not in some respects provide continuation funding. Specifically, although the Office of the Attorney General will in all likelihood be able to generally continue delivering its FY 2001 level of GRF-funded law enforcement services in each of FYs 2002 and 2003, that looks unlikely to be the case with regard to the supplemental annual compensation that is paid to county sheriffs and certain county prosecutors. The appropriated amounts for these subsidies that finance these compensation supplements (GRF line items 055-411 and 055-415) are on the whole lower than the total amounts that were distributed in FY 2001, which will mean that county sheriffs and certain county prosecutors will generally receive less in supplemental annual compensation from the state in each of FYs 2002 and 2003 than they did in FY 2001.

Third, the Office of the Attorney General had requested additional GRF funding of $400,079 in FY 2002 and $2,400,067 in FY 2003 for various law enforcement related initiatives, including: (1) the hiring of seven new staff for BCII to beef-up its investigative assistance to local law enforcement in processing felony crime scenes and prosecuting computer crimes, (2) the hiring of seven new staff to operate the law enforcement training (POTA) facility currently under construction in Richfield, (3) the hiring of an additional assistant attorney general to handle federal death penalty appeals and requests for help with capital cases from county prosecutors, and (4) the creation of the Computer Crimes Task Force staffed with four assistant attorneys general. That additional GRF funding was not explicitly appropriated, which appears, with two notable exceptions, to temporarily at least have slowed momentum on these four law-enforcement initiatives.

The first notable exception involves the new POTA training facility, which is scheduled to be fully operational by the start of FY 2003. The Office of the Attorney General intends to proceed with this initiative, including the phased-in hiring of seven staff and the purchase of equipment and will cover these costs by increasing the tuition charged to state and local law enforcement officers (or their departments) for various POTA-operated law enforcement training programs. Under current practice, this tuition is deposited in the state treasury to the credit of the Police Officers' Training Academy Fee Fund (Fund 421).

The second notable exception involves the creation of the Computer Crimes Task Force, to be stationed at BCII. The task force was actually created in FY 2001 and is already operational. What is unclear is when and how the Office of the Attorney General will fund the hiring of four assistant attorneys general.

Agency Counsel

Although the Office of the Attorney General provides legal services to numerous state agencies, this sub-program captures the legal services reimbursement payments deposited into non-GRF funds that are traceable to work performed for the Ohio Civil Rights Commission, the Bureau of Workers' Compensation, the Ohio Industrial Commission, and the part of the Department of Job and Family Services formerly known as the Ohio Bureau of Employment Services.

The FY 2002-2003 biennial budget essentially provides a continuation level of funding in each fiscal year for the Office of the Attorney General's Civil Rights, Employment Services, and Workers' Compensation sections. Additional GRF funding to allow for the hiring of a paralegal for the Civil Rights Section to lighten the workload and better assist the Ohio Civil Rights Commission was requested but not explicitly appropriated.

Victim Assistance

The Office of the Attorney General assists the victims of crime in two major ways. First, the Crime Victims Compensation Section investigates applications for compensation filed under Ohio's Crime Victims Compensation Law, a law that provides for payment to victims of violent crime to cover their economic losses. Upon completing the investigation, the office renders a decision and sends payment to the victim and/or the victim's providers. Second, the Crime Victims Assistance Office administers state and federal grants to local crime victim assistance programs.

The FY 2002-2003 biennial budget fully funded the Office of the Attorney General's request to increase spending related to the Victims of Crime Fund. Specifically provided was an additional $1,000,000 in FY 2003 appropriation authority to pay for the enhanced benefits made available by Am. Sub. S.B. 153 of the 123rd General Assembly. In addition, another $1,000,000 in appropriation authority was also provided in each fiscal year for payments under the state's Sexual Assault Forensic Examination (SAFE) Program. This program reimburses hospitals and emergency medical facilities for medical examinations performed on sex offense victims. Also provided was additional appropriation authority that will permit the Office of the Attorney General to undertake a computer applications development project that, when completed, will make it possible to conduct victim assistance activities online ($100,000 in FY 2002 and $50,000 in FY 2003).

Redistribution Funds

The Office of the Attorney General holds certain moneys as custodian or agent. All of these funds are distributed to individuals, corporations, private organizations, other state funds, or local governmental units. Revenues and disbursements for these line items are rather unpredictable. Generally, the appropriations for these line items reflect continuation funding or an estimate based on historical spending needs.

Education

Although the Office of the Attorney General is charged with performing numerous education-related functions, the Education sub-program captures the two line items that exclusively finance education activities (GRF line item 055-405 and non-GRF line item 055-606).

The FY 2002-2003 biennial budget essentially provides a continuation level of funding for the GRF subsidy that is distributed to the Ohio Center for Law-Related Education, as well as for the non-GRF grants that are disbursed to law enforcement in support of the Drug Abuse Resistance Education (DARE) programs in public schools.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

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AGO Attorney General

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	055-321	Operating Expenses	$ 47,936,849	$ 52,924,131	$56,554,322	$ 59,120,482	4.54%	$ 61,775,856	4.49%
GRF	055-405	Law-Related Education	$ 184,984	$ 190,164	$195,489	$ 196,793	0.67%	$ 201,713	2.50%
GRF	055-406	Community Police Match and Law Enfor	$ 3,136,322	$ 3,261,208	$2,875,502	$ 2,968,262	3.23%	$ 3,064,666	3.25%
GRF	055-411	County Sheriffs	$ 572,973	$ 589,654	$619,291	$ 611,198	-1.31%	$ 626,479	2.50%
GRF	055-415	County Prosecutors	$ 481,544	$ 495,027	$558,249	$ 512,283	-8.23%	$ 525,090	2.50%
General Revenue Fund Total			**$ 52,312,672**	**$ 57,460,184**	**$ 60,802,853**	**$ 63,409,018**	**4.29%**	**$ 66,193,804**	**4.39%**
420	055-603	Attorney General Antitrust	$ 229,458	$ 150,783	$235,005	$ 435,560	85.34%	$ 446,449	2.50%
4Y7	055-608	Title Defect Rescission	$ 62,705	$ 78,244	$70,160	$ 840,260	1,097.64%	$ 870,623	3.61%
4Z2	055-609	BCI Asset Forfeiture and Cost Reimbur	$ 226,356	$ 396,946	$458,694	$ 324,009	-29.36%	$ 332,109	2.50%
106	055-612	General Reimbursement	$ 11,202,501	$ 12,536,124	$12,452,147	$ 14,997,546	20.44%	$ 15,786,163	5.26%
418	055-615	Charitable Foundations	$ 1,238,396	$ 1,359,769	$2,249,898	$ 1,841,113	-18.17%	$ 1,899,066	3.15%
421	055-617	Police Officers' Training Academy Fee	$ 980,292	$ 1,035,437	$1,142,530	$ 1,134,861	-0.67%	$ 1,193,213	5.14%
5A9	055-618	Telemarketing Fraud Enforcement	$ 0	$ 0		$ 51,100	N/A	$ 52,378	2.50%
107	055-624	Employment Services	$ 931,836	$ 927,862	$797,884	$ 1,211,307	51.81%	$ 1,284,396	6.03%
590	055-633	Peace Officer Private Security Fund	$ 70,938	$ 63,439	$53,371	$ 94,784	77.60%	$ 98,370	3.78%
629	055-636	Corrupt Activity Investigation and Prose	$ 240,000	$ 0		$ 105,590	N/A	$ 108,230	2.50%
631	055-637	Consumer Protection Enforcement	$ 578,258	$ 1,510,139	$914,589	$ 1,254,020	37.11%	$ 1,373,832	9.55%
195	055-660	Workers' Compensation Section	$ 5,689,987	$ 6,506,920	$6,761,243	$ 7,343,128	8.61%	$ 7,769,628	5.81%
General Services Fund Group Total			**$ 21,450,727**	**$ 24,565,663**	**$ 25,135,521**	**$ 29,633,278**	**17.89%**	**$ 31,214,457**	**5.34%**
3L3	055-605	Center for Human Identification	$ 0	----		----	N/A	----	N/A
381	055-611	Civil Rights Legal Service	$ 269,533	$ 313,572	$312,459	$ 334,249	6.97%	$ 354,304	6.00%
3R6	055-613	Attorney General Federal Funds	$ 534,880	$ 306,921	$1,556,479	$ 1,929,110	23.94%	$ 1,998,972	3.62%
306	055-620	Medicaid Fraud Control	$ 2,029,106	$ 2,255,827	$2,213,990	$ 2,633,348	18.94%	$ 2,765,015	5.00%
383	055-634	Crime Victims Assistance	$ 12,340,461	$ 12,914,460	$12,709,091	$ 14,500,000	14.09%	$ 15,225,000	5.00%
3E5	055-638	Anti-Drug Abuse	$ 1,838,330	$ 3,219,041	$2,689,691	$ 2,939,693	9.29%	$ 2,939,693	0.00%
3H1	055-642	Ohio Incident-Based Reporting System	$ 0	----		----	N/A	----	N/A
Federal Special Revenue Fund Group Total			**$ 17,012,310**	**$ 19,009,821**	**$ 19,481,710**	**$ 22,336,400**	**14.65%**	**$ 23,282,984**	**4.24%**
4L6	055-606	DARE	$ 3,147,703	$ 3,146,165	$3,279,722	$ 3,830,137	16.78%	$ 3,927,962	2.55%
402	055-616	Victims of Crime	----	----	$16,293,873	$ 26,144,763	60.46%	$ 27,933,893	6.84%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
AGO Attorney General									
417	055-621	Domestic Violence Shelter	$ 13,091	$ 0		$ 14,139	N/A	$ 14,492	2.50%
108	055-622	Crime Victims Compensation	$ 3,809,290	$ 4,515,067	$129,636	$ 0	-100.00%	$ 0	N/A
419	055-623	Claims Section	$ 13,982,825	$ 13,135,224	$11,413,468	$ 14,017,852	22.82%	$ 14,749,954	5.22%
176	055-625	Victims Assistance Office	$ 332,982	$ 389,139		$ 0	N/A	$ 0	N/A
177	055-626	Victims Assistance Programs	$ 2,168,667	$ 1,741,000	$9,783	$ 0	-100.00%	$ 0	N/A
659	055-641	Solid and Hazardous Waste Backgroun	$ 678,991	$ 629,463	$454,541	$ 834,417	83.57%	$ 880,751	5.55%
State Special Revenue Fund Group Total			**$ 24,133,549**	**$ 23,556,058**	**$ 31,581,024**	**$ 44,841,308**	**41.99%**	**$ 47,507,052**	**5.94%**
674	055-643	Asbestos Abatement Distribution	$ 69,894	$ 87,708		$ 0	N/A	$ 0	N/A
Agency Fund Group Total			**$ 69,894**	**$ 87,708**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
R42	055-601	Organized Crime Commission Account	$ 34,448	$ 200,000	$200,000	$ 200,000	0.00%	$ 200,000	0.00%
R03	055-629	Bingo License Refunds	$ 850	$ 950	$925	$ 5,200	462.16%	$ 5,200	0.00%
R18	055-630	Consumer Frauds	$ 457,892	$ 326,310	$7,282,227	$ 750,000	-89.70%	$ 750,000	0.00%
R04	055-631	General Holding Account	$ 74,857	$ 1,147,955	$208,316	$ 275,000	32.01%	$ 275,000	0.00%
R05	055-632	Antitrust Settlements	$ 1,284	$ 0		$ 10,400	N/A	$ 10,400	0.00%
Holding Account Redistribution Fund Group Total			**$ 569,331**	**$ 1,675,215**	**$ 7,691,467**	**$ 1,240,600**	**-83.87%**	**$ 1,240,600**	**0.00%**
Attorney General Total			***$ 115,548,483***	***$ 126,354,649***	***$ 144,692,574***	***$ 161,460,604***	***11.59%***	***$ 169,438,897***	***4.94%***

- 3,642 audits were performed in FY 2001.
- The implementation of on-line audits is anticipated to save $500,000 annually.
- Two-thirds of Ohio's townships, villages, and libraries are UAN members.

Auditor of State

Jeremie Newman, Budget Analyst

Role

The Auditor of State is an elected constitutional officer who serves a four-year term and is responsible for auditing all public offices in Ohio including: cities and villages, schools and universities, counties and townships, libraries, as well as many departments, agencies, and commissions of state government. The Auditor's office is comprised of seven divisions: Audit Division; Administration Division; Information Technology Division; Local Government Services Division; Fraud, Waste, and Abuse Prevention Division; Planning, Initiatives and Communication Division; and Legal Division.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
965	$88.1 million	$89.3 million	$37.9 million	$38.9 million	Am. Sub. H.B. 94

Overview

The Auditor of State's office is organized into three budget programs, each referred to as a program series. The three program series are: Audit Services, Centralized Services, and Local Government Services. FY 2002 total appropriations are one percent above FY 2001 appropriations, although FY 2002 appropriations are 10.9 percent above actual FY 2001 expenditures. FY 2003 total appropriations are 1.4 percent above FY 2002 appropriations. According to the Auditor, the budget for FY 2002 and FY 2003 will allow for more performance audits and special audits, to continue to offer assistance and benchmarking reports, and upgrade the hardware and software for the Uniform Accounting Network.

Budget Issues

Increasing Demand for Services

An increase in requests for assistance with financial forecasts and reporting from local governments, an expansion in the number of villages, townships, and libraries using UAN, and the expansion of local training requirements to include annual training for village clerks, treasurers, and fiscal officers have all contributed to the increased demand for services performed by the Auditor of State's office. The Auditor's office expects that it will maintain its duties with this increase in funding.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

AUD Auditor of State

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	070-321	Operating Expenses	$ 27,887,893	$ 33,982,036	$32,141,810	$ 33,541,922	4.36%	$ 34,481,096	2.80%
GRF	070-403	Fiscal Watch/Emergency Technical Ass	----	$ 129,491	$236,159	$ 985,000	317.09%	$ 985,000	0.00%
GRF	070-405	Electronic Data Processing-Auditing an	$ 502,253	$ 665,605	$984,487	$ 1,014,685	3.07%	$ 1,043,096	2.80%
GRF	070-406	Uniform Accounting Network	$ 1,370,342	$ 2,468,221	$7,565,008	$ 2,386,964	-68.45%	$ 2,421,328	1.44%
General Revenue Fund Total			**$ 29,760,488**	**$ 37,245,353**	**$ 40,927,464**	**$ 37,928,572**	**-7.33%**	**$ 38,930,520**	**2.64%**
422	070-601	Public Audit Expense-Local Governmen	$ 26,622,034	$ 27,483,967	$28,859,091	$ 37,450,472	29.77%	$ 37,617,072	0.44%
109	070-601	Public Audit Expense-Intrastate	$ 5,885,780	$ 7,952,426	$7,642,565	$ 9,497,201	24.27%	$ 9,629,588	1.39%
584	070-603	Training Program	$ 30,407	$ 88,823	$61,404	$ 198,200	222.78%	$ 217,000	9.49%
675	070-605	Uniform Accounting Network	$ 257,311	$ 1,218,754	$1,941,720	$ 2,809,200	44.68%	$ 2,741,600	-2.41%
General Services Fund Group Total			**$ 32,795,532**	**$ 36,743,970**	**$ 38,504,780**	**$ 49,955,073**	**29.74%**	**$ 50,205,260**	**0.50%**
R06	070-604	Continuous Receipts	$ 30,423	$ 43,785	$27,921	$ 204,400	632.08%	$ 209,510	2.50%
Holding Account Redistribution Fund Group Total			**$ 30,423**	**$ 43,785**	**$ 27,921**	**$ 204,400**	**632.08%**	**$ 209,510**	**2.50%**
Auditor of State Total			***$ 62,586,443***	***$ 74,033,108***	***$ 79,460,164***	***$ 88,088,045***	***10.86%***	***$ 89,345,290***	***1.43%***

- $9.2 million appropriated for ERP project implementation

Office of Budget and Management

Sean S. Fouts, Budget Analyst

ROLE

The primary mission of the Office of Budget and Management (OBM) is to provide fiscal accounting and budgeting services to state government. OBM ensures that Ohio's fiscal resources are used in a manner consistent with state laws and policies. The office advises the Governor on budget concerns and helps state agencies to coordinate their financial activities.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
125	$19.3 million	$15.8 million	$3.0 million	$3.1 million	Am. Sub. H.B. 94

OVERVIEW

The enacted funding level would permit OBM to continue its activities at current levels and to manage some additional activities during the biennium. These activities include preparing and monitoring the state's operating and capital budgets, school finance reform, and the interagency Enterprise Resource Planning system. Funding levels for FY 2002 are 49.8 percent higher than spending levels in FY 2001. This is caused largely by a $6.6 million appropriation for ERP project implementation. FY 2003 appropriations are 18.2 percent lower than FY 2002 appropriations.

BUDGET ISSUES

ERP PROJECT IMPLEMENTATION

The ERP system is a collection of computer applications that work together to manage business functions. The system will replace and integrate the functions of the Central Accounting System, the Human Resources System, the Fixed Asset Management System, and the Procurement System. The Office of Budget and Management, Department of Administrative Services, Auditor of State and Treasurer of State will work together to implement the ERP system. In FY 2002, $6.6 million is appropriated for ERP implementation, and $2.6 million is appropriated in FY 2003. Based on the current schedule, the ERP project is scheduled to be completed in June 2004.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill			*Version:* Enacted						
OBM Budget and Management, Office of									
GRF	042-100	Personal Services	$ 0	----		$ 0	N/A	$ 0	N/A
GRF	042-200	Maintenance	$ 0	----		$ 0	N/A	$ 0	N/A
GRF	042-300	Equipment	$ 0	----		$ 0	N/A	$ 0	N/A
GRF	042-321	Budget Development and Implementati	$ 1,985,965	$ 2,065,212	$2,262,388	$ 2,321,199	2.60%	$ 2,455,562	5.79%
GRF	042-401	Office of Quality Services	$ 557,237	$ 583,847	$571,104	$ 574,798	0.65%	$ 597,820	4.01%
GRF	042-402	ERP Project Implementation	$ 0	$ 0	$488,775	$ 0	-100.00%	$ 0	N/A
GRF	042-403	Central State University Emergency	$ 0	----		----	N/A	----	N/A
GRF	042-404	Armory Reimbursement	$ 69,250	$ 0		$ 0	N/A	$ 0	N/A
GRF	042-405	Management Consultants	$ 19,998	$ 0		$ 0	N/A	$ 0	N/A
GRF	042-406	Attorney Indemnification	$ 0	----	$2,500	----	N/A	----	N/A
GRF	042-407	CSU Deficit Reduction	$ 2,285,093	$ 984,242	$393,022	$ 0	-100.00%	$ 0	N/A
GRF	042-409	Commission Closures	----	----		$ 42,500	N/A	$ 0	-100.00%
GRF	042-410	National Association Dues	$ 22,500	$ 24,100	$24,800	$ 24,522	-1.12%	$ 25,296	3.16%
GRF	042-412	Audit of Auditor of State	$ 33,959	$ 0	$44,000	$ 43,498	-1.14%	$ 45,389	4.35%
GRF	042-420	Economic Development Study	$ 206,771	$ 130,000		$ 0	N/A	$ 0	N/A
GRF	042-434	Financial Planning Commissions	$ 309,594	$ 182,161	$269,612	$ 0	-100.00%	$ 0	N/A
GRF	042-435	Gubernatorial Transition	$ 220,869	$ 10,656		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 5,711,236**	**$ 3,980,218**	**$ 4,056,201**	**$ 3,006,516**	**-25.88%**	**$ 3,124,067**	**3.91%**
4C1	042-601	Quality Services Academy	$ 53,274	$ 46,090	$31,740	$ 125,000	293.82%	$ 125,000	0.00%
105	042-603	State Accounting	$ 6,691,400	$ 7,782,457	$8,326,870	$ 9,554,743	14.75%	$ 9,934,755	3.98%
General Services Fund Group Total			**$ 6,744,674**	**$ 7,828,547**	**$ 8,358,610**	**$ 9,679,743**	**15.81%**	**$ 10,059,755**	**3.93%**
5N4	042-602	ERP Project Implementation	----	----	$463,994	$ 6,600,000	1,322.43%	$ 2,600,000	-60.61%
State Special Revenue Fund Group Total			**----**	**----**	**$ 463,994**	**$ 6,600,000**	**1,322.43%**	**$ 2,600,000**	**-60.61%**
Budget and Management, Office of Total			***$ 12,455,910***	***$ 11,808,765***	***$ 12,878,805***	***$ 19,286,259***	***49.75%***	***$ 15,783,822***	***-18.16%***

- Operation of the Ohio Government Telecommunications studio transfers from CSR to OEB

Capitol Square Review and Advisory Board

Kerry Sullivan, Budget Analyst

ROLE

The Capitol Square Review and Advisory Board (CSR) provides all educational, maintenance, support, and security services for the Capitol Square Complex, the Statehouse, and its grounds. The agency also operates a museum shop and maintains an underground public parking garage. CSR provides public tours through the Statehouse Education and Visitors Center through a cooperative agreement with the Ohio Historical Society.

The board is comprised of nine members, including two members from both the House and the Senate and five persons appointed by the Governor. An executive director handles the day-to-day operations of the agency. CSR employs 85 full-time staff and nine part-time staff.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
94	$7.2 million	$6.9 million	$3.6 million	$3.3 million	Am. Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 total $7,217,994. This amount is $1,118,419 less than the total appropriated in FY 2001, a 13.4 percent reduction.[2] Appropriations for FY 2003 total $6,944,864. This amount is $273,130 less than FY 2002, a 3.8 percent decrease. The board's initial budget request totaled $9,624,096 in FY 2002 and $9,794,668 in FY 2003. The majority of the board's unfunded request occurred within its lone GRF appropriation item, which covers the agency's operating expenses. Specifically, the board requested additional funding for the Ohio Government Telecommunications (OGT) studio's conversion to digital broadcasting, and for equipment purchases and personnel costs associated with the studio. As discussed below, Am. Sub. H.B. 94 transferred operation of the OGT studio from CSR to the Ohio Educational Telecommunications Network Commission (OEB).

[2] Actual expenditures in FY 2001 totaled $8,298,774.

BUDGET ISSUES

OHIO GOVERNMENT TELECOMMUNICATIONS

The Ohio Government Telecommunications studio is a digital component facility located on the ground floor of the Statehouse. The studio is responsible for all of the telecommunications operations within Capitol Square. The main function of OGT is providing electronic access to state government events. Under the Capitol Square Review and Advisory Board, OGT has been responsible for the broadcast coverage of House and Senate sessions and committee hearings as assigned, handling all teleconferences, creating educational programming, assisting the media with connections within Capitol Square, coordinating audio and video needs, managing the Capitol Square computer network, operating an audio/visual web site, and maintaining the telephone requests throughout Capitol Square.

While under the operation of CSR, OGT has been run by six full-time staff. Approximately $450,000 in GRF moneys went toward operation of the OGT studio in FY 2001. In addition, State Special Revenue Fund 4T2, Government Television/Telecommunications Operating, has functioned as a contingency fund for OGT in the event of computer or other equipment breakdowns. The source of revenue to Fund 4T2 is money earned from contract productions dealing with Ohio government, history and culture. The studio produces approximately $200,000 in contract productions annually.

Under Am. Sub. H.B. 94, operation of the OGT studio was transferred from CSR to OEB, effective January 1, 2002. With it, GRF appropriation authority totaling $403,026 in FY 2002 and $910,296 in FY 2003 was transferred from CSR to OEB. Additional appropriations from Fund 4T2 totaling $75,000 in FY 2002 and $150,000 in FY 2003 were also transferred to OEB.

Digital Broadcasting Capabilities

The implications of this transfer have yet to be completely worked out by CSR and OEB. Discussions between the two agencies are currently underway. In its initial budget proposal, CSR requested a total of $1,725,000 over the biennium for equipment and maintenance costs that would have allowed the studio to expand its broadcast feed and convert equipment to meet digital broadcasting standards mandated by the Federal Communications Commission (FCC). The majority of this request was not funded, leaving the agency facing a 2003 digital conversion deadline and limited funds to meet it. Future equipment related funding requests will be handled through OEB, and likely will be presented under FY 2003-2004 capital requests.

Staffing and Delegation of Responsibilities

As mentioned above, the OGT studio has been run by a staff of six full-time employees under CSR. These staff members also have responsibilities throughout Capitol Square, separate from the programming aspect of the OGT studio, that make it difficult to assume that they will work solely for one agency or the other once the studio changes hands. A primary responsibility of CSR that has been handled through OGT staff has been the installation and maintenance of the wiring and camera network that runs throughout the Statehouse and into every hearing room. One *possibility* for future operations may be a division of tasks between CSR and OEB, with CSR maintaining responsibility for the technical infrastructure of the Capitol Square complex, and OEB taking over the programming and PBS broadcasting capabilities of the OGT studio.

OTHER STAFFING ISSUES

General Revenue Fund appropriations in FYs 2002 and 2003 are $3,641,098 and $3,262,579, respectively. GRF moneys pay for all salary and administrative expenses for the agency. Due to a combination of increasing payroll, retirement, and health costs, GRF funding levels are not adequate to maintain current staff levels within the agency. CSR anticipates a possible need to reduce staff by two or three positions in light of this. Details related to how and when have not yet been formulated.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

CSR Capitol Square Review and Advisory Board

Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF 874-321 Operating Expenses	$ 4,217,587	$ 4,617,398	$5,135,963	$ 3,641,098	-29.11%	$ 3,262,579	-10.40%
General Revenue Fund Total	**$ 4,217,587**	**$ 4,617,398**	**$ 5,135,963**	**$ 3,641,098**	**-29.11%**	**$ 3,262,579**	**-10.40%**
4S7 874-602 Statehouse Gift Shop/Events	$ 479,680	$ 450,020	$585,685	$ 623,293	6.42%	$ 670,484	7.57%
4G5 874-603 Capitol Square Maintenance Expenses	$ 30,849	$ 2,664	$43,842	$ 15,000	-65.79%	$ 15,000	0.00%
4T2 874-604 Government Television/Telecommunica	$ 24,336	$ 26,310	$105,466	$ 75,000	-28.89%	$ 0	-100.00%
General Services Fund Group Total	**$ 534,865**	**$ 478,994**	**$ 734,994**	**$ 713,293**	**-2.95%**	**$ 685,484**	**-3.90%**
208 874-601 Underground Parking Garage Operating	$ 2,234,585	$ 2,371,807	$2,427,818	$ 2,863,603	17.95%	$ 2,996,801	4.65%
Underground Parking Garage Fund Total	**$ 2,234,585**	**$ 2,371,807**	**$ 2,427,818**	**$ 2,863,603**	**17.95%**	**$ 2,996,801**	**4.65%**
Capitol Square Review and Advisory Board Total	***$ 6,987,037***	***$ 7,468,199***	***$ 8,298,774***	***$ 7,217,994***	***-13.02%***	***$ 6,944,864***	***-3.78%***

- Zero growth GRF budget places heavier reliance on federal funding
- Projected payroll deficit will force reductions in operational costs.

Ohio Civil Rights Commission

Holly Simpkins, Budget Analyst

ROLE

The Ohio Civil Rights Commission is charged with enforcing Chapter 4112. of the Revised Code, which prohibits discrimination on the basis of race, color, sex, religion, national origin, age, ancestry, disability or familial status in employment, public accommodations, housing, granting credit, and higher education. The commission was established in 1959 with the enactment of Am. S.B. 10 of the 103rd General Assembly. The Governor, with the advice and consent of the Senate, appoints five members to the commission, not more than three of whom can be of the same political party, and at least one of whom must be at least sixty years of age.

The commission is a single-program series agency with two major activities. First, it investigates complaints and adjudicates discrimination charges filed by citizens of Ohio pertaining to discrimination in employment, housing, public accommodation, credit, and admission to, and participation in, activities sponsored by institutions of higher learning, on the basis of race, color, religion, sex, national origin, disability, age, ancestry or familial status. Second, in addition to its enforcement responsibilities, the commission is mandated to conduct educational and public outreach programs.

The commission receives approximately 5,500 official charges of discrimination each year, and well over 100,000 inquiries from the public with questions and/or concerns regarding discrimination. State law mandates that investigations must be complete within one year in order to adjudicate cases where it is probable that discrimination has occurred. Over one-half of the commission's GRF budget is for staff that investigate and resolve charges of discrimination. Additional funding is received through contracts with two federal agencies: the Equal Employment Opportunity Commission (EEOC) and the Department of Housing and Urban Development (HUD).

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
199	$13.8 million	$14.4 million	$10.1 million	$10.1 million	Am. Sub. H.B. 94

OVERVIEW

The enacted budget essentially provided the commission with "no-growth" in its GRF appropriations, which will make problematic its ability to deliver in the FY 2002-2003 biennium the same level of services that were provided in FY 2001. Specifically, the commission received around $1.2 million and $1.9 million less in GRF funding for FYs 2002 and 2003, respectively, than it had requested to maintain its FY 2001 level of services.

The fiscal consequences of this GRF budget will likely be reflected in staff and related payroll costs. Because the commission uses around 80 percent of its GRF funding to cover staff, it will face a payroll deficit in the FY 2002-2003 biennium, a problem that will be exacerbated by the need to pay the costs of mandated general wage increases for 190 of its employees covered by existing collective bargaining agreements. As a result, the commission will have to rely more heavily on federal funding and restrict other GRF operating expenses in order to fully fund its projected payroll costs in the FY 2002-2003 biennium.

This projected payroll deficit is of particular concern for the commission because, after a review of wage scales for investigative classifications, it found that its investigators perform more complex work than their counterparts in sister agencies, yet they earn a lower rate of pay. Turnover in its investigative staff continues to be a problem, and the lower rate of pay, among other factors, has caused some of the commission's highly skilled investigators to quit in order to pursue related, but higher paying work.

Placing a heavier reliance on its federal funding in the FY 2002-2003 biennium could prove problematic for several reasons. First, the commission can't predict with certainty the availability of federal funds. Second, the amount of federal funding fluctuates from year-to-year based on available funding and the number of contracted cases. Third, the timeliness of the federal government's reimbursement payments is unpredictable.

A further federal funding problem is that federal reimbursement covers only a portion of the commission's cost involved in handling discrimination charges. For EEOC cases, the federal reimbursement covers approximately $500 per case for a fixed number of cases established at the beginning of the federal fiscal year. If the number of cases is higher than the EEOC has anticipated funding, then the commission underwrites the difference. For HUD cases, the federal reimbursement covers approximately $1,700 per case based upon the number of eligible cases processed during the previous year. To actually cover the costs of cases, HUD would need to pay $2,200 per case and the EEOC would need to pay $800 per case. Also, to receive full funding from the EEOC, the commission must complete 4,000 cases in nine months and be the first state to complete this number of cases. It should also be kept in mind that the commission is required to investigate all discrimination charges that are filed.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

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CIV Ohio Civil Rights Commission

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	876-100	Personal Services	$ 8,636,084	$ 9,285,514	$9,199,274	$ 9,022,029	-1.93%	$ 9,022,030	0.00%
GRF	876-200	Maintenance	$ 1,019,045	$ 1,072,983	$1,080,499	$ 972,561	-9.99%	$ 972,561	0.00%
GRF	876-300	Equipment	$ 256,056	$ 111,556	$126,946	$ 110,164	-13.22%	$ 110,164	0.00%
GRF	876-401	African American Males	$ 372,335	$ 128,200		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 10,283,520**	**$ 10,598,253**	**$ 10,406,718**	**$ 10,104,754**	**-2.90%**	**$ 10,104,755**	**0.00%**
334	876-601	Federal Programs	$ 2,112,351	$ 2,086,432	$1,727,386	$ 3,702,577	114.35%	$ 4,284,113	15.71%
Federal Special Revenue Fund Group Total			**$ 2,112,351**	**$ 2,086,432**	**$ 1,727,386**	**$ 3,702,577**	**114.35%**	**$ 4,284,113**	**15.71%**
4H3	876-603	African American Males Gifts and Grant	$ 0	$ 0		$ 0	N/A	$ 0	N/A
217	876-604	General Reimbursement	----	----		$ 20,440	N/A	$ 20,951	2.50%
State Special Revenue Fund Group Total			**$ 0**	**$ 0**	**----**	**$ 20,440**	**N/A**	**$ 20,951**	**2.50%**
Ohio Civil Rights Commission Total			***$ 12,395,871***	***$ 12,684,685***	***$ 12,134,104***	***$ 13,827,771***	***13.96%***	***$ 14,409,819***	***4.21%***

- $8.3 million of liquor profits pledged to finance Clean Ohio
- The Division of Securities implemented the Central Registration Depository and the Investment Adviser Registration Depository

Department of Commerce

Jeremie Newman, Budget Analyst

Role

The Department of Commerce is a multi-functional regulatory agency comprised of nine divisions and operates with the use of only a relatively small amount of money from the General Revenue Fund. The department funds most programs by assessing fees to the industries that it regulates. However, the department transfers profits and excess cash balances from these programs regularly to the GRF and other state agencies. According to the department, economic development, public safety, and customer service are emphasized.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
962	$461.1 million	$488.3 million	$4.7 million	$4.8 million	Am. Sub. H.B. 94

Overview

The Department's budget consists of appropriations received from five separate fund groups: the General Revenue Fund (GRF), the General Services Fund (GSF), the Federal Special Revenue Fund (FED), the State Special Revenue Fund (SSR), and the Liquor Control Fund (LCF). The total appropriations for FY 2002 increased by 6.3 percent compared to FY 2001 expenditures, and the total appropriations for FY 2003 are 5.9 percent higher than FY 2002 appropriations.

The FY 2002-2003 biennial budget did not fund three GRF line items: Prevailing/Minimum Wage and Minors; OSHA Match; and Public Employee Risk Reduction Program; two Liquor Control Fund line items: Liquor Control Operating, and Salvage and Exchange. Instead, the FY 2002-2003 biennial budget restructured the department's budget in order to directly fund the Division of Labor and Worker Safety. The FY 2002-2003 biennial budget created one GRF line item, Labor and Worker Safety; one State Special Revenue Fund line item, Penalty Enforcement; and three new line items in the Liquor Control Fund Group, Liquor Control Operating, Development Assistance Debt Service, and Revitalization Debt Service. This is the first biennial budget to appropriate funds for the Labor and Worker Safety Division, funded by two line items: GRF (Labor and Worker Safety) and Fund 5K7 (Penalty Enforcement) for a total of $3,842,310 for FY 2002 and $3,983,948 for FY 2003.

BUDGET ISSUES

DIVISION OF LIQUOR CONTROL

In Am. Sub. H.B. 94 of the 124th General Assembly, the division was appropriated $1.6 million in 2002 and $6.7 million in 2003 (800-636 Revitalization Debt Service Fund) to be used toward payment of debt service bonds issued for Clean Ohio brownfields revitalization projects. The projects are part of a $400 million bond initiative passed by voters in November 2000 and enacted by Am. Sub. H.B. 3 of the 124th General Assembly. These appropriations, totaling $8.3 million over the FY 2002-2003 biennium, are based on estimates made by OBM. If additional appropriations are needed to meet payments for bond service charges, such appropriations are authorized by Am. Sub. H.B. 94 and are not to exceed $25 million.

DIVISION OF REAL ESTATE AND PROFESSIONAL LICENSING

In the spring of FY 2000, the General Assembly passed H.B. 524, which imposed a new staggered renewal system on the division's real estate licensure program and made other substantial changes to that program. This new staggered renewal system is keyed to the licensee's birth date and allows for a steady stream of license and renewal income year-round.

LABOR AND WORKER SAFETY DIVISION

The new division administers and enforces Ohio's prevailing wage, minimum wage, and minor labor laws. Additionally, it provides consultation services to public and private entities on workplace safety. The division is funded by two line items: GRF (Labor and Worker Safety) and Fund 5K7 (Penalty Enforcement) for a total of $3,842,310 for FY 2002 and $3,983,948 for FY 2003.

DIVISION OF INDUSTRIAL COMPLIANCE

The division may assess an additional fee for the re-inspection of an elevator when a previous attempt to inspect that elevator has been unsuccessful through no fault of a general inspector or the division. The re-inspection fee has been increased from $30 per elevator plus $5 per floor to $125 per elevator plus $5 per floor of the building. This fee is used to encourage property owners to schedule new elevator inspections timely.

DIVISION OF SECURITIES

As a result of S.B. 32 of the 124th General Assembly, the division underwent a major overhaul of the fee structure associated with the registration of dealers' licenses through the Central Registration Depository, and the registration and licensing of financial planners through the Investment Adviser Registration Depository. This change was implemented during the fourth quarter of FY 2001, thereby targeting renewal of licenses for FY 2002. As a result, the new fee structure will result in a decrease in revenue for the division.

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COM Department of Commerce

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	800-402	Grants-Volunteer Fire Departments	$ 741,802	$ 782,478	$795,210	$ 898,813	13.03%	$ 781,844	-13.01%
GRF	800-405	Plumbing	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	800-410	Labor and Worker Safety	----	----		$ 3,840,310	N/A	$ 3,981,948	3.69%
GRF	800-412	Prevailing/Minimum Wage & Minors	----	----	$2,131,006	$ 0	-100.00%	$ 0	N/A
GRF	800-413	OSHA Match	----	----	$138,430	$ 0	-100.00%	$ 0	N/A
GRF	800-417	Public Employee Risk Reduction	----	----	$1,217,323	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 741,802**	**$ 782,478**	**$ 4,281,969**	**$ 4,739,123**	**10.68%**	**$ 4,763,792**	**0.52%**
163	800-620	Division of Administration	$ 4,136,693	$ 4,717,076	$4,701,654	$ 5,873,604	24.93%	$ 6,189,578	5.38%
5F1	800-635	Small Government Fire Departments	----	$ 500,000		$ 250,000	N/A	$ 250,000	0.00%
General Services Fund Group Total			**$ 4,136,693**	**$ 5,217,076**	**$ 4,701,654**	**$ 6,123,604**	**30.24%**	**$ 6,439,578**	**5.16%**
348	800-622	Underground Storage Tanks	$ 197,836	$ 156,116	$207,355	$ 195,008	-5.95%	$ 195,008	0.00%
348	800-624	Leaking Underground Storage Tanks	$ 1,225,887	$ 1,588,874	$1,395,236	$ 1,850,000	32.59%	$ 1,850,000	0.00%
349	800-626	OSHA Enforcement	----	----	$1,095,491	$ 1,346,000	22.87%	$ 1,386,380	3.00%
Federal Special Revenue Fund Group Total			**$ 1,423,723**	**$ 1,744,990**	**$ 2,698,082**	**$ 3,391,008**	**25.68%**	**$ 3,431,388**	**1.19%**
543	800-602	Unclaimed Funds-Operating	$ 4,282,850	$ 4,243,730	$4,757,392	$ 5,921,792	24.48%	$ 6,151,051	3.87%
547	800-603	Real Estate Education/Research	$ 231,364	$ 10,357	$244,020	$ 258,796	6.06%	$ 264,141	2.07%
552	800-604	Credit Union	$ 1,874,517	$ 1,993,769	$2,034,057	$ 2,368,450	16.44%	$ 2,477,852	4.62%
4D2	800-605	Auction Education	$ 11,447	$ 14,413	$25,761	$ 0	-100.00%	$ 0	N/A
4G8	800-606	Savings Banks	$ 909,002	$ 0		$ 0	N/A	$ 0	N/A
553	800-607	Consumer Finance	$ 1,238,580	$ 2,050,671	$1,789,601	$ 2,305,339	28.82%	$ 2,258,822	-2.02%
4H9	800-608	Cemeteries	$ 189,716	$ 204,309	$239,718	$ 260,083	8.50%	$ 273,465	5.15%
4L5	800-609	Fireworks Training & Education	$ 2,400	$ 9,263		$ 10,526	N/A	$ 10,976	4.28%
546	800-610	Fire Marshal	$ 9,607,248	$ 10,418,466	$10,850,168	$ 10,245,737	-5.57%	$ 10,777,694	5.19%
548	800-611	Real Estate Recovery	$ 94,754	$ 39,547	$26,667	$ 150,000	462.50%	$ 150,000	0.00%
544	800-612	Banks	$ 4,611,791	$ 5,103,758	$4,742,339	$ 6,346,230	33.82%	$ 6,657,997	4.91%
545	800-613	Savings Institutions	$ 1,476,333	$ 2,247,166	$2,048,627	$ 2,790,960	36.24%	$ 2,894,399	3.71%
549	800-614	Real Estate	$ 2,110,814	$ 2,713,845	$2,677,505	$ 2,885,785	7.78%	$ 3,039,837	5.34%
556	800-615	Industrial Compliance	$ 15,859,170	$ 18,022,110	$19,249,729	$ 22,176,840	15.21%	$ 23,415,776	5.59%
550	800-617	Securities	$ 3,316,169	$ 3,610,580	$3,612,127	$ 4,611,800	27.68%	$ 4,864,800	5.49%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
COM Department of Commerce									
551	800-618	Licensing	$ 0	----		----	N/A	----	N/A
4X2	800-619	Financial Institutions	$ 1,368,828	$ 1,612,763	$1,479,701	$ 2,020,646	36.56%	$ 2,134,754	5.65%
5K7	800-621	Penalty Enforcement	----	----		$ 2,000	N/A	$ 2,000	0.00%
543	800-625	Unclaimed Funds-Claims	$ 22,386,497	$ 23,055,708	$28,255,863	$ 24,890,602	-11.91%	$ 25,512,867	2.50%
5B8	800-628	Auctioneers	$ 255,318	$ 231,789	$235,433	$ 60,000	-74.52%	$ 0	-100.00%
653	800-629	UST Registration/Permit Fee	$ 625,186	$ 914,233	$1,068,824	$ 1,072,795	0.37%	$ 1,121,632	4.55%
6A4	800-630	Real Estate Appraiser-Operating	$ 406,202	$ 465,314	$495,864	$ 522,125	5.30%	$ 548,006	4.96%
4B2	800-631	Real Estate Appraisal Recovery	$ 0	$ 0		$ 69,870	N/A	$ 71,267	2.00%
5B9	800-632	PI & Security Guard Provider	$ 815,362	$ 936,068	$804,053	$ 1,139,377	41.70%	$ 1,188,716	4.33%
State Special Revenue Fund Group Total			**$ 71,673,548**	**$ 77,897,859**	**$ 84,637,449**	**$ 90,109,753**	**6.47%**	**$ 93,816,052**	**4.11%**
043	800-321	Liquor Control Operating	$ 13,864,766	$ 14,606,569	$12,759,406	$ 0	-100.00%	$ 0	N/A
043	800-601	Merchandising	$ 283,690,631	$ 306,282,759	$324,475,937	$ 322,741,245	-0.53%	$ 341,222,192	5.73%
043	800-627	Liquor Control Operating	----	----		$ 16,250,400	N/A	$ 15,801,163	-2.76%
043	800-633	Development Assistance Debt Service	----	----		$ 16,134,800	N/A	$ 16,141,100	0.04%
861	800-634	Salvage & Exchange	$ 29,390	$ 9,285	$84,655	$ 0	-100.00%	$ 0	N/A
043	800-636	Revitalization Debt Service	----	----		$ 1,600,000	N/A	$ 6,700,000	318.75%
Liquor Control Fund Group Total			**$ 297,584,787**	**$ 320,898,613**	**$ 337,319,998**	**$ 356,726,445**	**5.75%**	**$ 379,864,455**	**6.49%**
R26	800-616	Industrial Compliance Refunds	$ 0	----		----	N/A	----	N/A
Holding Account Redistribution Fund Group Total			**$ 0**	**----**	**----**	**----**	**N/A**	**----**	**N/A**
Department of Commerce Total			***$ 375,560,553***	***$ 406,541,016***	***$ 433,639,152***	***$ 461,089,933***	*6.33%*	***$ 488,315,265***	*5.90%*

- Total appropriated budget increased 13% from the FY 2000-2001biennium to the FY 2002-2003 biennium
- Expanded consumer outreach & education initiatives

Office of Consumers' Counsel

Jonathan Lee, Budget Analyst

ROLE

The Ohio Office of Consumers' Counsel (OCC) provides representation for the residential consumers of Ohio's investor-owned electric, natural gas, water and telephone companies in utility proceedings before the Public Utilities Commission, at federal regulatory agencies, and in our court system. The OCC also educates consumers on utility issues and resolves complaints individual ratepayers may have with utility providers.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
77.5	$8.6 million	$9.2 million	$0	$0	Am. Sub. H.B. 94

OVERVIEW

The OCC was fully funded at requested levels for the FY 2002-2003 biennium at $17,837,700. The OCC's total appropriated budget increased 13 percent from the FY 2000-2001 to the FY 2002-2003 biennium. The OCC's total appropriated budget increased by 11.9 percent from FY 2001 to FY 2002, although compared to FY 2001 actual expenditures, FY 2002 appropriations are 18.3 percent higher. (The OCC was appropriated $15,779,344 for the FY 2000-2001 biennium but actual expenditures totaled $14,006,292, a difference of $1,773,052.) Appropriations increase 8.3 percent from FY 2002 to FY 2003. Funding levels for the biennium will allow the OCC to hire an additional six employees in FY 2002 and two employees in FY 2003. The additional employees will provide additional consumer support to respond to increased consumer demand for assistance in representation, compliance, and education as a result of continued changes in the utility environment, specifically, the natural gas choice program, electric deregulation, natural gas and electric aggregation and telecommunication regulatory guidelines. The OCC is funded through assessments on the intrastate gross receipts of the state's investor owned utility companies with a minimum assessment of $50. Any moneys not spent in one year are credited against next year's assessments. The OCC's budget costs residential consumers approximately four cents of every $100 paid in utility bills.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

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OCC Consumers' Counsel, Office of

	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF 053-100 Personal Services	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF 053-320 Maintenance And Equipment	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF 053-401 Consultants	$ 0	$ 0		$ 0	N/A	$ 0	N/A
General Revenue Fund Total	**$ 0**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
5F5 053-601 Operating Expenses	$ 6,092,251	$ 6,768,545	$7,237,747	$ 8,560,182	18.27%	$ 9,277,518	8.38%
General Services Fund Group Total	**$ 6,092,251**	**$ 6,768,545**	**$ 7,237,747**	**$ 8,560,182**	**18.27%**	**$ 9,277,518**	**8.38%**
Consumers' Counsel, Office of Total	***$ 6,092,251***	***$ 6,768,545***	***$ 7,237,747***	***$ 8,560,182***	***18.27%***	***$ 9,277,518***	***8.38%***

- Emergency purposes takes new look
- More mandate money
- Statehood celebrated
- Disaster relief appropriated

Controlling Board

Joseph W. Rogers, Budget Analyst

ROLE

The Controlling Board consists of seven members: six legislators (three members of the House of Representatives and three members of the Senate) and the director of Budget and Management (OBM), or the director's designee, who serves as the president of the board. The board meets every two-to-three weeks to consider and vote on requests for action that are submitted to it by various state agencies. Although the board has a number of different powers and duties, it most commonly takes action on matters related to: waiving competitive selection requirements for purchases and leases, transferring and releasing capital appropriations, transferring operating appropriations, increasing or establishing operating appropriations, creating a new fund, and acquiring real estate.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
N/A	$13.5 million	$11.5 million	$5.5 million	$7.5 million	Am. Sub. H.B. 94

OVERVIEW

From amongst the Controlling Board's disparate mix of appropriations and temporary law contained in the FY 2002-2003 biennial budget, three factors deserve special note. First, when compared to the previous FY 2000/01, budget, no funding was appropriated for the board's GRF line item 911-401, Emergency Purposes/Contingencies. In prior years, these funds were used to assist state agencies and political subdivisions in responding to disasters and emergency situations. To replace this source of funding, a temporary law provision in the FY 2002-2003 biennial budget permits the director of OBM, with the approval of the Controlling Board, to transfer up to $5 million in each fiscal year from the Budget Stabilization Fund to the non-GRF Emergency Purposes Fund (Fund 5S4). Second, $7.9 million is appropriated over the FY 2002-2003 biennium for the 2003 celebration of Ohio's statehood. Third, $5.1 million in GRF money is provided over the FY 2002-2003 biennium to assist various local governments with the costs of certain state mandates (ballot advertising, felony prosecutions, child abuse detection, firefighter training and equipment).

Unlike other state agencies, the Controlling Board does not spend any of the funds appropriated to it. All funds appropriated to the Controlling Board are either transferred to other state agencies or they lapse.

Budget Issues

Displayed below the reader will find a basic description of the purpose of the appropriations and related temporary law contained within the Controlling Board's FY 2002-2003 biennial budget. Unless otherwise specified, temporary law references are to provisions in Section 34 of Am. Sub. H.B. 94, the main biennial operating budget act of the 124th General Assembly.

Emergency Purposes/Contingencies

Section 143 of Am. Sub. H.B. 94 permits the director of OBM, with approval of the Controlling Board, to transfer up to $5 million in each fiscal year from the Budget Stabilization Fund to the Emergency Purposes Fund (Fund 5S4) to assist state agencies and political subdivisions in the event of disasters or emergencies. Associated temporary law in Section 34 of the act makes specific reference to the availability of moneys from the Emergency Purposes Fund for transfer to: (1) the Department of Public Safety to provide funding for assistance to political subdivisions made necessary by natural disasters or emergencies, and (2) the Office of Criminal Justice Services and the Public Defender Commission for costs related to the disturbance that occurred on April 11, 1993, at the Southern Ohio Correctional Facility in Lucasville, Ohio.

In prior fiscal years, funding of this sort intended to assist various state agencies and political subdivisions with disasters, emergency situations, or other unforeseen events was appropriated to the Controlling Board's GRF line item 911-401, Emergency Purposes/Contingencies. No funding was appropriated for line item 911-401 in the FY 2002-2003 biennium; the non-GRF Emergency Purposes Fund in effect replaces that revenue stream.

Mandate Assistance (GRF line item 911-404)

Temporary law specifies that this line item's appropriations (nearly $2 million in each fiscal year) must be used to provide financial assistance to local units of government, school districts, and fire departments for a portion of the costs associated with three "unfunded state mandates". These include: (1) the cost to county prosecutors for prosecuting certain felonies that occur on the grounds of state institutions operated by the Department of Rehabilitation and Correction and the Department of Youth Services, (2) the cost, primarily to small villages and townships, of providing firefighter training and equipment, and (3) the cost to school districts of in-service training for child abuse detection. Any amounts that are not needed for these purposes can, upon request of the Department of Education and approval of the Controlling Board, also be distributed to boards of county commissioners to provide reimbursement for office space, equipment, and related expenses that are mandated for educational service centers.

Ballot Advertising Costs (GRF line item 911-441)

Temporary law states that the $591,000 appropriated to this line item in each fiscal year is for the purpose of reimbursing county boards of elections for the cost of public notices associated with statewide ballot initiatives. OBM is also authorized to transfer any amounts not needed for that purpose to the Controlling Board's GRF line item 911-404, Mandate Assistance.

OHIO'S BICENTENNIAL CELEBRATION (GRF LINE ITEM 911-408)

Temporary law states that the $7.9 million appropriated to this line item over the FY 2002-2003 biennium is to be distributed according to a plan approved by the Ohio Bicentennial Commission. In addition, in each fiscal year, $100,000 of the line item's appropriation, is earmarked for Inventing Flight 2003, $75,000 is earmarked for the North Ridgeville Historical Society, and $62,500 is earmarked for the Gallia County Historical Society.

DISASTER SERVICES (FUND 5E2)

Temporary law provides that this non-GRF fund (Fund 5E2), and its accompanying biennial appropriation totaling $12.0 million, is to be used for the payment of state agency program expenses associated with certain floods, tornados, and storms, as well as other disasters declared by the Governor, and can also be used to provide financial assistance to political subdivisions made necessary by natural disasters or emergencies.

Line Item Detail by Agency

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CEB Controlling Board

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	911-404	Mandate Assistance	$ 0	$ 0		$ 1,970,000	N/A	$ 1,970,000	0.00%
GRF	911-408	Ohio's Bicentennial Celebration	----	----		$ 2,955,000	N/A	$ 4,925,000	66.67%
GRF	911-441	Ballot Advertising Costs	----	$ 0		$ 591,000	N/A	$ 591,000	0.00%
General Revenue Fund Total			**$ 0**	**$ 0**	**----**	**$ 5,516,000**	**N/A**	**$ 7,486,000**	**35.71%**
5E2	911-601	Disaster Services	----	----		$ 8,000,000	N/A	$ 4,000,000	-50.00%
State Special Revenue Fund Group Total			**----**	**----**	**----**	**$ 8,000,000**	**N/A**	**$ 4,000,000**	**-50.00%**
Controlling Board Total			***$ 0***	***$ 0***	***----***	***$ 13,516,000***	***N/A***	***$ 11,486,000***	***-15.02%***

- Significant funding and related staff reductions experienced during last two fiscal years

Court of Claims

Laura A. Potts, Budget Analyst

ROLE

The Court of Claims, established in 1975, is the only statutory court with statewide jurisdiction. The court serves two major purposes. First, it has original, exclusive jurisdiction over all civil actions (i.e. personal injury, property damage, contracts, and wrongful imprisonment) filed against the State of Ohio and its agencies. Prior to its creation, there was no forum for such civil action. The Civil Division of the court handles these cases.

The second major purpose of the court was administration of the Victims of Crime Compensation Program. From 1976 until July 1, 2000, the court's Victims of Crime Division handled all claims for reparations awards. The Office of the Attorney General then investigated each claim and filed a finding of fact and recommendation with the court. At the start of FY 2001, by the passage of Am. Sub. S.B. 153 of the 123rd General Assembly, the primary responsibility for the administration of the Victims of Crime Compensation Program was shifted from the court to the Office of Attorney General, leaving as the court's only remaining responsibility the hearing of appeals of reparations awards.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
30	$4.8 million	$4.6 million	$2.9 million	$3.0 million	Am. Sub. H.B. 94

OVERVIEW

The total amount appropriated to the Court of Claims in each of FYs 2002 and 2003 reflects further funding reductions to a budget that had already been reduced by the prior transfer of the Victims of Crime Compensation Program to the Office of the Attorney General on July 1, 2000. While the court still receives some Victims of Crime funding because of its involvement as the appellate arm of the program, the level of financial support has been significantly reduced. (In its last full year of administering the program, the court expended $18.2 million. For FYs 2002 and 2003, its Victims of Crime appropriations totaled less than $2.0 million annually.) Because of the loss of the revenue associated with the program's transfer, GRF funding now accounts for nearly two-thirds of the court's total annual budget. Prior to the alteration of the court's role in the program, GRF funding accounted for only about one-tenth of its annual budget.

Budget Issues

Civil Division

As previously mentioned, the court has exclusive jurisdiction in all civil claims filed against the state and its agencies. Along with three appointed judges, the court also uses referees to handle civil actions against the state of $2,500 or less. A single referee or commissioner may administratively hear a claim and render a judgment. Any case involving claims greater than $2,500 must be heard by a judge. A majority of the civil actions are handled administratively. The civil side of the court's operation is funded exclusively by GRF line item 015-321, Operating Expenses. The affected state agency and not the court pays judgments against the state; the court's GRF funds go only to cover its operating expenses (personal services, maintenance, and equipment). The court's level of GRF funding provided for the FY 2002-2003 biennium should be sufficient to allow its Civil Division to continue delivering the level of services that were provided in FY 2001. The court has reported no plans to expand its programs.

Actual FY 2001 expenditures from the court's GRF Operating Expenses line item totaled $2.1 million. When compared to its total actual FY 2001 expenditures, the line item's appropriated amounts in FYs 2002 and 2003 of $2.9 million and $3.0 million, respectively, represent increases of 36-plus percent. These increases in GRF funding replace Victims of Crime Fund moneys lost when control of the Victims of Crime Compensation Program was transferred to the Office of the Attorney General.

Victims of Crime

Historically, the court's other major area of activity had been its responsibility to administer the Victims of Crime Compensation Program. Under the program, individuals suffering personal injury as the result of criminal conduct are eligible to apply for compensation. This compensation included, but was not limited to, psychiatric care/counseling, medical expenses, work loss compensation, and unemployment benefits loss. Dependents also could receive awards for economic loss, replacement services loss, and certain funeral expenses in the case of a homicide. The maximum award was $50,000 per victim, per criminal incident.

To be eligible for compensation, a victim must report the crime to a law enforcement officer within 72 hours of its occurrence and must file a claim of compensation within two years after the date of the crime. The Office of the Attorney General investigates the crime and loss claim, and, at one time, returned a finding of fact and recommendation to the court. Prior to July 1, 2000, when Am. Sub. S.B. 153 went into effect, the following steps were followed by the court. First, a single court commissioner rendered a written opinion. At that point, the claimant or the Office of the Attorney General could appeal the decision of the commissioner, whereupon the case then proceeded to a panel of three commissioners for a full hearing. Finally, the appeal of the decision could go one step further to a judge of the Court of Claims. No further appeal could occur after the judge's determination.

As mentioned in the Overview, the responsibility for administering the Victims of Crime Compensation Program was transferred from the Court of Claims to the Office of the Attorney General. This has significantly changed the role that the court plays in these cases. Whereas before, the court rendered the initial decisions on compensation cases and was responsible for disbursing these reparations awards, now this responsibility has been transferred to the Office of the Attorney General. The court still handles the appeals process. The court has indicated that only about one percent of these claims are appealed, and thus expects that its workload will be significantly lighter.

Prior to the program's transfer, the operation of the court's Victims of Crime Division was funded entirely by its State Special Revenue (SSR) Fund line item 015-601, Victims of Crime. On July 1, 2000, a new SSR line item was created to finance the activities of the court's Victims of Crime Division: 015-603, CLA Victims of Crime. Because of the reduction in the court's duties and responsibilities relative to the Victims of Crime Compensation Program, the FY 2002 and 2003 appropriations are reduced.

The reduced level of SSR funding provided by the FY 2002-2003 biennial budget will allow the court to continue as the appellate authority for the Victims of Crime Compensation Program. The appropriated amounts should be sufficient to pay for the court's operating expenses, including the payroll costs associated with the five remaining full-time staff necessary to support its side of the program. Of note though is the drop in the CLA Victims of Crime line item's appropriation (line item 015-603) between FYs 2002 and 2003. This has to do with the reduction of the court's role in the program. It is anticipated that, by FY 2003, the court will no longer be paying severance or unemployment benefits for individuals who were laid off when the program was moved to the Office of the Attorney General.

Fiscal year 2002 will mark the first full year the court will only be involved with the Victims of Crime Compensation Program through its appellate function. Although the program's control was switched over to the Office of the Attorney General at the beginning of FY 2001, the court continued its work on claims that were filed prior to July 1, 2000. Because of these transitional issues, it is unclear whether line item 015-603's FY 2002 and FY 2003 appropriation authority will be sufficient to cover all of the court's related program costs. Presumably, if the line item's appropriation authority proves to be problematic in the future, the court, in consultation with the Office of the Attorney General, would request approval of an increase in its spending levels from the Controlling Board or the General Assembly.

Shared Costs

After the changes caused by the transfer of the Victims of Crime Compensation Program, the court contracted for the assistance of a consultant, DMG-Maximus, to conduct a financial review of the operational costs shared by the court's Civil and Victims of Crime divisions. (Shared costs include items such as office rent, clerks and clerk administration, judicial and administrative services staff, computer services, and fiscal services.) In previous years, the court had split shared costs evenly between the Civil and Victims of Crime divisions. With the help of the consultant, the court determined that the shared costs between the two divisions should be divided such that the Civil Division would pay 67 percent and the Victims of Crime Division would pay 33 percent. This shift in shared costs is largely responsible for the increase in funding provided to the court's GRF line item 015-321, Operating Expenses, for the FY 2002-2003 biennium.

Staffing

Prior to the transfer of primary responsibility for the Victims of Crime Compensation Program, the court's budget was able to support a staffing level of about 60 full-time equivalents (FTEs). As a result of the program's transfer and the related drop in funding, the court's budget will likely only support 30 FTEs in the FY 2002-2003 biennium. (It should be noted that these staffing numbers do not reflect individuals who serve as judges and commissioners, although they are all paid from the court's budget.) As of this writing, the court does not intend to reduce its labor force any further, although some vacant staff positions may not be filled, quickly or at all, until it gains more experience with the effects of the loss of control over the Victims of Crime funding on ongoing court operations. In a related personnel issue, the court did not grant its staff the general wage increase that many state employees received effective July 1, 2001, and it is uncertain when, if at all, the court will grant such a pay raise.

WRONGFUL IMPRISONMENT

The court's budget also includes a GRF line item (015-402, Wrongful Imprisonment Compensation) for which funds are never appropriated in the biennial budget. This line item's funds are transferred from the Controlling Board's budget as needed and are then used to pay those who have been judged wrongfully imprisoned in the State of Ohio. When a wrongful imprisonment judgment has been journalized in a court of common pleas, the Controlling Board, upon certification by the Court of Claims, transfers the sum necessary for disbursement to this line item.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**			*Version:* **Enacted**						
CLA Court of Claims									
GRF	015-321	Operating Expenses	$ 2,154,439	$ 2,458,920	$2,131,295	$ 2,908,749	36.48%	$ 2,990,194	2.80%
GRF	015-402	Wrongful Imprisonment Compensation	$ 0	$ 75,501	$841,237	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 2,154,439**	**$ 2,534,421**	**$ 2,972,532**	**$ 2,908,749**	**-2.15%**	**$ 2,990,194**	**2.80%**
402	015-601	Victims of Crime	$ 21,498,554	$ 18,235,635		$ 0	N/A	$ 0	N/A
5K2	015-603	CLA Victims of Crime	----	----	$10,423,254	$ 1,891,183	-81.86%	$ 1,602,716	-15.25%
State Special Revenue Fund Group Total			**$ 21,498,554**	**$ 18,235,635**	**$ 10,423,254**	**$ 1,891,183**	**-81.86%**	**$ 1,602,716**	**-15.25%**
Court of Claims Total			***$ 23,652,993***	***$ 20,770,056***	***$ 13,395,786***	***$ 4,799,932***	***-64.17%***	***$ 4,592,910***	***-4.31%***

- Juvenile justice program lost; family violence program gained
- Changed budget picture will force hard look at mix of revenue and expenditures

Office of Criminal Justice Services

Holly Simpkins, Budget Analyst

ROLE

Historically, the primary role of the Office of Criminal Justice Services (OCJS) has been in the administration of federal financial assistance intended to improve state and local criminal and juvenile justice systems. Over time, however, its role has expanded to include coordination and development of the state's Criminal Justice Information System (CJIS), policy development, research and analysis, and program evaluation. The mission of the office has evolved from just administering federal grant funding to collecting, coordinating, maintaining, analyzing, and disseminating a wide array of information for the purpose of preventing and controlling crime and delinquency in Ohio.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
54	$33.3 million	$33.2 million	$3.4 million	$3.6 million	Am. Sub. H.B. 94

OVERVIEW

The key to understanding the fiscal consequences of the office's FY 2002-2003 biennial budget lies in a close examination of the level of GRF funding. Compared to total actual FY 2001 GRF expenditures of $3.0 million, the office's enacted GRF budget would appear to represent an increase of 14.5 percent in FY 2002, followed by a 5.6 percent increase in FY 2003. This is actually deceiving, as the increase is totally a function of a new $700,000-plus annual family violence prevention and services subsidy program. Without that new subsidy program included in the office's total amount of GRF funding in each fiscal year, then its budget picture for the FY 2002-2003 biennium looks markedly different. The result is a total FY 2002 GRF budget of $2.7 million compared to actual FY 2001 GRF expenditures totaling $3.0 million, followed by a total FY 2003 GRF budget of $2.9 million. Thus, in comparison to FY 2001 expenditures, the office in reality will be receiving less total GRF funding in each of FYs 2002 and 2003.

Compounding this reduced level of financial assistance is the fact that the office is losing control of federal juvenile justice and delinquency prevention grant programs that provided supplemental funding used to cover various administrative expenses (see below).

Thus, it seems clear that the office did not receive a level of GRF funding that will allow full delivery of its FY 2001 level of services in the FY 2002-2003 biennium. It is uncertain how OCJS will manage this fiscal problem, but presumably some mix of cutting costs and gaining new revenue streams will be sought. For example, on the cost side, the office could delay non-critical maintenance spending and equipment purchases and not fill vacant staff positions, and on the revenue side, seek out other sources of federal financial assistance.

JUVENILE JUSTICE

The most significant aspect of the office's budget for FYs 2002 and 2003 involves the transfer of its role in the state's federal juvenile justice and delinquency prevention program to the Department of Youth Services (DYS). The practical fiscal effect of the transfer is a loss of $10-plus million in annual federal funding and six full-time positions moved from OCJS to DYS. The transfer will create a fiscal burden of sorts for the office, as it previously coded other administrative costs to this federal juvenile justice and delinquency prevention funding that is being transferred to DYS. Of specific concern is the fact that the office also charged approximately 25 percent of the time of 32 other full-time staff to this federal juvenile justice and delinquency prevention funding. LSC fiscal staff calculate these other administrative costs, which are largely payroll and smaller amounts of maintenance and equipment expenses, at roughly $500,000 in FY 2002 and $600,000 in FY 2003. The loss of federal juvenile justice and delinquency prevention funding, combined with a tight GRF operating expenses budget, suggests the office will have to redistribute these administrative expenses into its GRF budget and remaining federal criminal justice programs, most notably the Byrne Memorial Criminal Justice Block Grant. This may involve cutting or shifting existing operational costs, seeking new federal grant opportunities, or some combination of the two.

FAMILY VIOLENCE PREVENTION AND SERVICES PROGRAM

The budget also transfers the federal Family Violence Prevention and Services Program from the Department of Job and Family Services (JFS) to the Office of Criminal Justice Services. According to the U.S. Department of Health and Human Services program guidelines, the purpose of these dollars is to award grants to assist states in establishing, maintaining, and expanding programs and projects to prevent family violence and to provide immediate shelter and related assistance for victims of family violence and their dependents. The federal award amount for this program is $2.7 million annually, with five percent of the award available for administrative expenses. In addition to acquiring two full-time program staff positions from JFS, the office has supplemental GRF funding of $763,375 in both FY 2002 and FY 2003 for the purpose of making family violence prevention grants (line item 196-405).

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

CJS Criminal Justice Services, Office of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	196-401	Criminal Justice Information System	$ 935,344	$ 838,178	$688,833	$ 760,652	10.43%	$ 786,596	3.41%
GRF	196-403	Violence Prevention	$ 278,957	$ 351,836	$496,647	$ 288,498	-41.91%	$ 273,755	-5.11%
GRF	196-405	Family Violence Prevention Program	----	----		$ 763,375	N/A	$ 763,375	0.00%
GRF	196-424	Operating Expenses	$ 941,770	$ 1,088,126	$974,226	$ 1,631,147	67.43%	$ 1,812,583	11.12%
GRF	196-499	State Match	$ 691,068	$ 772,871	$750,653	$ 0	-100.00%	$ 0	N/A
GRF	196-502	Lucasville Disturbance Costs	$ 113,112	$ 434,868	$92,349	$ 0	-100.00%	$ 0	N/A
GRF	196-505	SOCF Judicial & Defense Costs	$ 0	----		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 2,960,251**	**$ 3,485,879**	**$ 3,002,708**	**$ 3,443,672**	**14.69%**	**$ 3,636,310**	**5.59%**
4P6	196-601	General Services	$ 53,713	$ 66,720	$33,636	$ 107,310	219.03%	$ 109,992	2.50%
General Services Fund Group Total			**$ 53,713**	**$ 66,720**	**$ 33,636**	**$ 107,310**	**219.03%**	**$ 109,992**	**2.50%**
3U1	196-602	Juvenile Justice Program	----	----	$5,267,376	$ 250,000	-95.25%	$ 0	-100.00%
3L5	196-604	Justice Programs	$ 35,237,751	$ 34,107,230	$32,441,368	$ 29,464,972	-9.17%	$ 29,494,089	0.10%
Federal Special Revenue Fund Group Total			**$ 35,237,751**	**$ 34,107,230**	**$ 37,708,744**	**$ 29,714,972**	**-21.20%**	**$ 29,494,089**	**-0.74%**
Criminal Justice Services, Office of Total			***$ 38,251,715***	***$ 37,659,829***	***$ 40,745,089***	***$ 33,265,954***	***-18.36%***	***$ 33,240,391***	***-0.08%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
BDP Board of Deposit							
4M2 974-601 Board of Deposit	$ 520,498	$ 402,283	$635,617	$ 838,000	31.84%	$ 838,000	0.00%
General Services Fund Group Total	**$ 520,498**	**$ 402,283**	**$ 635,617**	**$ 838,000**	**31.84%**	**$ 838,000**	**0.00%**
Board of Deposit Total	***$ 520,498***	***$ 402,283***	***$ 635,617***	***$ 838,000***	***31.84%***	***$ 838,000***	***0.00%***

- The Board of Deposit uses no GRF moneys
- The Board of Deposit designates which financial institutions serve as public depositories
-

Board of Deposit

Jean J. Botomogno, Economist

ROLE

The State Board of Deposit operates under the authority of Ohio Revised Code Chapter 135, the Uniform Depository Act. The Board's major functions are to designate financial institutions and banks to function as public depositories and to regulate the deposits of state money into these institutions. The Uniform Depository Act outlines the requirements for eligible banks, and the Board of Deposit applies these guidelines in its selection of eligible financial institutions. The Board also approves bank service charges and confirms the designation and investment of interim moneys of the state.

The Board is composed of three elected officials or designees of these officials: the Treasurer of State, the Auditor of State, and the Attorney General. The treasurer serves as the board's chairperson. The cashier of the state treasury serves as the secretary of the board.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
0	$838,000	$838,000	$0	$0	Am.Sub. H.B.94

OVERVIEW

The Board of Deposit uses no GRF moneys. The Board of Deposit Expenses Fund receives transfers of cash from the Interest Holding Distribution Fund (Fund 608) after certification of the board's expenses by the Director of Budget and Management. The board's funding is used to pay for banking charges and fees required for the operation of the state treasurer's regular bank account and two auxiliary accounts: the Consolidated Check Clearing Account and the Treasurer's Custodial Contingency Account.

The Board of Deposit received appropriations of $838,000 for both FY 2002 and FY 2003. This amount is 31.8 percent higher than FY 2001 appropriations. The increase over FY 2001 is due to under spending in FY 2001 and to an increase in banking charges and fees in the current biennium.

- Over $23 million funded for technology development
- Electric Deregulation
- $5.2M in FY 02 for TANF Housing Program

Department of Development

Allison Thomas, Economist

ROLE

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

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
555	$694.9 million	$697.5 million	$139.8 million	$143.9 million	Am. Sub. H.B. 94 Am. Sub. H.B. 73 Am. Sub. H.B. 3 Am. Sub. H.B. 299

OVERVIEW

Development's increasing appropriations continue the trend of the last two biennial budgets as the total budget in FY 2002 grew to $694,891,300 and to $697,479,588 in FY 2003. Total funding for FY 2002 (which includes Roadwork Development funds administered by the department but appropriated in the transportation budget bill, Am. Sub. H.B. 73) is $187 million, or 36.8 percent above FY 2001 actual expenditures of $507.8 million. Funding for FY 2003 is only 0.4 percent over FY 2002 appropriation levels.

Notable increases in FY 2002 funding levels include each of Development's funds, with the exception of the General Services Fund, as follows: the General Revenue Fund (+8.4 percent), General Services Fund (-23.9 percent), Federal Special Revenue Fund (+13.3 percent), State Special Revenue Fund (+169.7 percent), Coal Research and Development Fund (+16.3 percent), and the Facilities Establishment Fund (+38.8 percent).

In general for FY 2002, GRF line items have funding changes ranging from 0 to 5 percent above or below FY 2001 spending levels. A few exceptions to note include a decrease of $5 million for the Thomas Edison Program, a decrease in Business Development Grants of nearly $10 million, a decrease in Investment in Training Grants of $2.5 million, and a decrease in Urban/Rural Initiative Grants of $1 million; the Defense Conversion Assistance and Project 100 programs have been eliminated. The Low and Moderate Housing line item contains money that will be transferred to the State Special Revenue trust fund line item bearing the same name; its appropriations increased by $11 million, a 149 percent increase over FY 2001 spending levels. Funding for the Governor's Office of Appalachia nearly tripled to $5.3 million.

Fiscal year 2002 appropriation authority for the General Services Fund Group of $10.4 million reflects a decrease of 23.9 percent below the 2001 expenditure of $13.7 million. Supportive Services and General Reimbursements received increases of 14.6 percent and 24.9 percent, respectively. Funding for the Local Government Y2K Loan Program was discontinued for FY 2001.

Federal Assistance funding for FY 2002, received through the Federal Special Revenue Fund Group, shows growth of 13.3 percent for FY 2002, and negative growth of 2.1 percent during FY 2003. Appropriations total slightly over $237 million for FY 2002 and $232 million in FY 2003. While Housing and Urban Development decreased by nearly $17 million or -77.5 percent, the creation of another line item, the HOME Program, received funding totaling $40 million in each year of the biennium. This line item represents an administrative change by Development. Another line item, 19-619, TANF Housing Program, was also created and funded with $5.2 million in FY 2002.

The increase in the State Special Revenue Fund reflects substantial movement in only a few line items. Under Electric Deregulation, Universal Service and the Energy Efficiency Revolving Loan Funds were created, and received annual funding of $160 million and $12 million, respectively. The Low and Moderate Income Housing Trust Fund saw appropriations increase about $4 million over 2001 spending levels. The Scrap Tire and Loan Program has been transferred to the Environmental Protection Agency.

The Facilities Establishment Fund Group received a 38.8 percent increase in its funding for FY 2002 and a 2.5 percent increase in FY 2003. All programs saw an increase in funding over 2001 expenditures with greater growth in two of the five line items. The Rural Industrial Park Loan Program more than tripled its funding to $5 million, which is 225.9 percent above FY 2001 expenditures, and the Urban Redevelopment Loan Program received $10 million in funding, which is 421.5 percent above FY 2001 expenditures of $1.9 million.

BUDGET ISSUES

TECHNOLOGY DEVELOPMENT

The importance of technology in Ohio's efforts to enhance industrial competitiveness and job creation and retention was a priority in the 2002-2003 biennial budget as evidenced by support for two main technology-based programs: the Thomas Edison Program and Technology Action, with combined funding for over $23 million. The Science and Technology Collaboration was created in conjunction with the Ohio Board of Regents to implement a coherent state strategy with respect to science and technology.

Thomas Edison Program

In addition to the funding provided for the Edison Incubators, Technology Transfer and University Centers, and the Great Lakes Industrial Technology Center (GLITeC), the budget bill specifically identifies the following:

- Technology Division Operations – Earmarking language through line item 195-401, Thomas Edison Program, provides that no more than $2,153,282 in FY 2002 and $2,228,537 in FY 2003 be used to support the Technology Division's administrative expenses in supporting this program.

- Individual Projects – Earmarking language also through this line item sets aside $187,500 for the establishment of an e-logistics port at Rickenbacker Port Authority, and $100,000 in FY 2002 for the University of Akron Metals Technology Facility Feasibility Study.

Technology Action

Technology Action Grants

The FYs 2002-2003 budget provides a slight decrease in funds available for the Technology Action Grants, awarded by the Technology Action Board. In each fiscal year, $13,790,000 of funding, less the following earmarks, is available for grants to help enhance the state's ability to compete for federal research and development funds, and also to provide funding for high priority technology initiatives.

- Operating Expenditures – Not more than 6 percent of appropriations each fiscal year, equivalent to $827,400, can be used for operating expenditures in administering the Technology Action Program.

- Research and Analysis Efforts – An additional administrative amount, not to exceed $1,500,000 within the biennium, can be used for research, analyses, and marketing efforts deemed necessary to receive and disseminate information about science and technology related opportunities.

- Individual Projects – Earmarking language sets aside $500,000 in each fiscal year for the EMTEK/Delphi Project for Wire Break Technology.

Science and Technology Collaboration

The budget bill also requires the Board of Regents to work in collaboration with Development, the Biomedical Research and Technology Transfer Commission, and the Technology Action Board to ensure implementation of a coherent state strategy with respect to science and technology. This strategy is to be formulated in relation to appropriation items and programs listed in the following paragraph, and other technology-related appropriations and programs in Development and the Board of Regents as designated by these agencies.

Programs in the Board of Regents include: 235-428 Appalachian New Economy Partnership; 235-454 Research Challenge; 235-510 Ohio Supercomputer Center; 235-527 Ohio Aerospace Institute; 235-535 Agricultural Research and Development Center; 235-554 Computer Science Graduate Education; 235-556 Ohio Academic Resources Network; and 235-405 Biomedical Research and Technology Transfer Commission.

Programs in Development include: 194-401 Thomas Edison Program; 195-408 Coal Research Development; 195-422 Technology Action; and 195-632 Coal Research and Development Fund.

Each of these programs is to be reviewed annually by the Technology Action Board with respect to its development of relationships within a combined state science and technology investment portfolio and its overall contribution to the state's science and technology strategy. The annual review by the Technology Action Board must be a comprehensive review of the entire state science and technology program portfolio rather than a review of individual programs.

Several criteria are to be evaluated, including:

(1) Scientific merit of activities supported by the program;

(2) Relevance of the program's activities to commercial opportunities in the private sector; and

(3) Private sector's involvement in a process that continually evaluates commercial opportunities to use the work supported by the program.

URBAN RURAL INITIATIVE

Appropriation item 195-417, Urban/Rural Initiative, is used to make grants in accordance with sections 122.19 to 122.22 of the Revised Code. Earmarking language through appropriation item, provides funding for each of the following projects:

- $50,000 for the Corning Civic Center;
- $50,000 for the Somerset Historic Building;
- $365,000 in FY 2002 for State Route 13 Access Improvements;
- $50,000 for Murray City Flood Prevention;
- $62,800 in FY 2002 for the Northern Perry Sewer;
- $75,000 for the Village of Oak Hill Sewer System Improvements;
- $25,000 for the Laurelville Community Projects;
- $62,500 for the Gallia County Community Projects;
- $75,000 for the Meigs County Community Projects;
- $125,000 for the Crooksville Community Center; and
- $25,000 for the Huber Opera House and Civic Center.

ENERGY PROGRAMS

Electric Deregulation

Under the Electric Deregulation Bill (S.B. 3 of the 123rd General Assembly), two new programs, Universal Service and the Energy Efficiency Revolving Loan Program, were created; this budget bill provides them with annual funding of $160 million and $12 million, respectively.

Appropriation item 195-659, Universal Service, will provide electric utility assistance benefits to Percentage of Income Payment Plan (PIPP) electric accounts, will target energy efficiency and customer education services to PIPP customers, and will cover the department's administrative costs related to the Universal Service Fund Programs.

Appropriation item 195-660, Energy Efficiency Revolving Loan, will provide financial assistance to customers for eligible energy efficiency projects for residential, commercial and industrial business, local government, educational institution, nonprofit, and agriculture customers, and will pay for the program's administrative costs. In essence, the program will provide loans for projects that improve energy efficiency in a cost-effective manner while benefiting the economic and environmental welfare of Ohio's citizens.

HOUSING PROGRAMS

Housing programs continued to be an important budget issue during the FY 2002-2003 budget process. Discussions spanned the gamut from increased responsibilities related to the federally-funded Section 8 housing to the incorporation of federal TANF funding to be used in housing programs.

Home Program

Appropriation item 195-603, Housing and Urban Development, declined from a FY 2001 expenditure of nearly $22 million to appropriations of $5.0 million in the each fiscal year of the 2002-2003 biennium. The creation of a new line item 195-601, HOME Program, received funding totaling $40 million in each fiscal year. The budget bill calls for the transfer of any additional moneys remaining in the 195-603 line item to Fund 3V1 for the Home Program.

Section 8 Housing

Section 8 housing continues to be one of the issues concerning the housing stock available for low- and moderate-income Ohioans. Nationwide, Section 8 faces an uncertain future due to the expiration of housing contracts.

The Ohio Housing Finance Agency (OHFA) is the participating administrative entity or contract negotiator in Ohio. If negotiations are successful and the housing contracts are renewed, the units will remain low-income housing for an additional 30 years. If a landlord decides to "opt-out" of the program, the units may be lost and residents would receive Section 8 housing vouchers.

In FY 2001, spending by OHFA totaled over $4.1 million, which neared levels of the previous year's spending. For the FY 2002-2003 biennium, line item 195-617, Housing Finance Operating, is decreased by nearly 8 percent.

TANF Housing Program

The TANF Housing Program was created under H.B. 299, a budget corrective bill, to be administered by Development under an interagency agreement entered into with the Department of Job and Family Services (ODJFS) under section 5101.801 of the Revised Code. The program provides benefits and services to TANF eligible individuals under a Title IV-A program, and the funds cannot be used to match federal funds.

Appropriation item 195-619, TANF Housing Program, is to be used to provide the following:

- Supportive services for low-income families related to housing or homelessness, including housing counseling;
- Grants to nonprofit organizations to assist Title IV-A eligible families with incomes at or below 200 percent of the federal poverty guidelines with down-payment assistance for homeownership or down-payment assistance toward the purchase of mobile homes;
- Emergency home repair funding for Title IV-A eligible families with incomes at or below 200 percent of the federal poverty guidelines;
- Operating support for family emergency shelter programs; and
- Emergency rent and mortgage assistance for families with incomes at or below 200 percent of the federal poverty guidelines.

ODJFS is to transfer funds from appropriation item 600-689, TANF Block Grant, into Development's TANF Housing Fund (3X3) for the purpose of reimbursing allowable TANF Housing Program expenditures as reported by Development. The transfer of funds is not to exceed $5,200,000 in FY 2002 and $6,500,000 in FY 2003. Up to $260,000 in FY 2002 and $325,000 in FY 2003 of the transferred funds may be used by Development for the program's administrative expenses.

Clean Ohio Implementation

In November 2000, Ohio voters approved Issue 1, the creation of $200 million of general obligation conservation bonds and $200 million of revenue bonds over a four-year period. Am. Sub. H.B. 3 stipulated that the revenue bonds, managed by Development, are to be used for brownfield clean up and remediation projects across the state. Proceeds are to be held in the Clean Ohio Revitalization Fund, which also will contain the Clean Ohio Assistance account. The Clean Ohio Assistance account must be used to make grants to distressed areas to pay for assessments, cleanup or remediation of brownfields, and public health projects related to a release or threatened release of hazardous substances or petroleum at a property where little or no economic redevelopment potential exists.

Am. Sub. H.B. 3 changed the GRF funding in the budget bill for the project. Originally in Development's budget, $1.0 million in FY 2002 and $1.5 million in FY 2003 was appropriated in line item 195-510, Issue One Implementation. H.B. 3 amended the budget bill, changed a few line numbers and disbursed some of the GRF appropriation authority to the Environmental Protection Agency and the Department of Agriculture. Development eliminated appropriation item 195-510, Issue One Implementation, created 195-426, Clean Ohio Implementation, and in it, retained appropriation authority of $448,000 and $641,000 in FYs 2002 and 2003, respectively.

Development, in addition to GRF funds and bond proceeds, is to receive interest earnings of $150,000 in FY 2002 in appropriation item 195-663, Clean Ohio – Operating (Fund 003), created in Am. Sub. H.B. 3, to be used for administrative expenses. Fund 003 is a capital fund in which the bond proceeds will be retained. The capital fund received its appropriation authority in Am. Sub. H.B. 3, which amended the previous biennial capital bill, Am. Sub. H.B. 640 of the 123rd General Assembly.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Transportation Budget	*Version:* Enacted						
DEV Development, Department of							
4W0 195-629 Roadwork Development	$ 14,400,983	$ 9,466,950	$13,197,408	$ 12,699,900	-3.77%	$ 12,699,900	0.00%
Highway Operating Fund Group Total	**$ 14,400,983**	**$ 9,466,950**	**$ 13,197,408**	**$ 12,699,900**	**-3.77%**	**$ 12,699,900**	**0.00%**
Development, Department of Total	***$ 14,400,983***	***$ 9,466,950***	***$ 13,197,408***	***$ 12,699,900***	***-3.77%***	***$ 12,699,900***	***0.00%***

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

DEV Development, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
003	195-663	Clean Ohio Operating	----	----		$ 0	N/A	$ 150,000	N/A
Clean Ohio Revitalization Fund Total			----	----	----	**$ 0**	**N/A**	**$ 150,000**	**N/A**
GRF	195-100	Personal Service	$ 2,527,276	$ 2,575,572	$2,503,241	$ 2,611,564	4.33%	$ 2,877,127	10.17%
GRF	195-200	Maintenance	$ 553,272	$ 642,069	$560,335	$ 580,681	3.63%	$ 592,294	2.00%
GRF	195-300	Equipment	$ 139,147	$ 135,659	$65,526	$ 106,539	62.59%	$ 108,669	2.00%
GRF	195-401	Thomas Edison Program	$ 22,963,925	$ 25,030,630	$25,022,180	$ 19,700,000	-21.27%	$ 19,700,000	0.00%
GRF	195-403	Housing Preservation and Development	$ 107,899	$ 0		$ 0	N/A	$ 0	N/A
GRF	195-404	Small Business Development	$ 2,378,814	$ 2,420,300	$2,539,499	$ 2,415,557	-4.88%	$ 2,491,895	3.16%
GRF	195-405	Minority Business Development Division	$ 1,972,527	$ 2,041,985	$2,373,482	$ 2,244,705	-5.43%	$ 2,262,854	0.81%
GRF	195-406	Transitional & Permanent Housing	$ 2,722,686	$ 2,828,614	$2,545,853	$ 2,728,593	7.18%	$ 2,728,603	0.00%
GRF	195-407	Travel and Tourism	$ 5,273,163	$ 6,034,792	$6,916,480	$ 6,250,318	-9.63%	$ 6,351,673	1.62%
GRF	195-408	Coal Research Development	$ 515,541	$ 598,433	$582,376	$ 554,113	-4.85%	$ 576,511	4.04%
GRF	195-409	Energy Credit Administration	$ 0	$ 0	$660,512	$ 0	-100.00%	$ 0	N/A
GRF	195-410	Defense Conversion Assistance	$ 2,449,242	$ 568,777	$896,375	$ 0	-100.00%	$ 0	N/A
GRF	195-411	Minority Development Financing Adviso	$ 319,964	$ 35,818		$ 0	N/A	$ 0	N/A
GRF	195-412	Business Development Grants	$ 10,445,095	$ 8,041,778	$17,139,161	$ 7,913,426	-53.83%	$ 8,956,458	13.18%
GRF	195-414	First Frontier Match	$ 531,002	$ 516,113	$437,165	$ 482,650	10.40%	$ 482,650	0.00%
GRF	195-415	Regional Offices & Economic Developm	$ 6,009,944	$ 6,343,064	$6,101,074	$ 6,324,365	3.66%	$ 6,634,224	4.90%
GRF	195-416	Governor's Office of Appalachia	$ 542,592	$ 811,325	$1,775,403	$ 5,384,950	203.31%	$ 5,392,999	0.15%
GRF	195-417	Urban/Rural Initiative	$ 4,116,427	$ 5,138,089	$2,019,950	$ 965,300	-52.21%	$ 965,300	0.00%
GRF	195-418	School-to-Work Training Initiative	$ 295,287	$ 249,144	$39,663	$ 0	-100.00%	$ 0	N/A
GRF	195-421	Environmental Clean-up	$ 1,000,000	$ 0	$1,446,060	$ 0	-100.00%	$ 0	N/A
GRF	195-422	Technology Action	$ 192,506	$ 563,828	$6,124,503	$ 13,790,000	125.16%	$ 13,790,000	0.00%
GRF	195-423	Miami Valley Center for Information Tec	$ 630,500	$ 0		$ 0	N/A	$ 0	N/A
GRF	195-426	Clean Ohio Implementation	----	----		$ 448,000	N/A	$ 641,000	43.08%
GRF	195-428	Project 100	----	$ 1,000,000	$3,000,000	$ 0	-100.00%	$ 0	N/A
GRF	195-429	Y2K Compliance	----	$ 10,000,000		$ 0	N/A	$ 0	N/A
GRF	195-431	Community Development Corporation G	$ 2,564,163	$ 2,693,404	$2,835,509	$ 2,492,897	-12.08%	$ 2,492,897	0.00%
GRF	195-432	International Trade	$ 4,632,564	$ 5,562,215	$5,145,447	$ 5,309,150	3.18%	$ 5,468,425	3.00%

Line Item Detail by Agency

DEV Development, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	195-434	Investment in Training Grants	$ 8,443,192	$ 11,250,636	$14,809,270	$ 12,312,500	-16.86%	$ 12,312,500	0.00%
GRF	195-436	Labor/Management Cooperation	$ 1,177,861	$ 1,015,382	$1,042,071	$ 1,129,603	8.40%	$ 1,135,461	0.52%
GRF	195-440	Emergency Shelter Housing Grants	$ 2,872,238	$ 3,153,029	$2,665,555	$ 2,726,788	2.30%	$ 2,798,819	2.64%
GRF	195-441	Low and Moderate Income Housing	$ 7,760,000	$ 7,760,000	$7,527,200	$ 18,715,000	148.63%	$ 18,715,000	0.00%
GRF	195-497	CDBG Operating Match Total	$ 1,144,866	$ 1,150,490	$1,175,364	$ 6,312,447	437.06%	$ 7,599,566	20.39%
GRF	195-498	State Energy Match	$ 146,166	$ 138,904	$115,531	$ 151,255	30.92%	$ 156,170	3.25%
GRF	195-501	Appalachian Local Development District	$ 443,499	$ 450,597	$461,053	$ 447,153	-3.01%	$ 447,153	0.00%
GRF	195-502	Appalachian Regional Commission Due	$ 160,000	$ 190,000	$194,400	$ 216,613	11.43%	$ 216,613	0.00%
GRF	195-505	Utility Bill Credits	----	----	$7,493,625	$ 7,239,750	-3.39%	$ 7,239,750	0.00%
GRF	195-507	Travel and Tourism Grants	$ 1,214,285	$ 1,841,950	$1,599,000	$ 1,231,250	-23.00%	$ 1,231,250	0.00%
GRF	195-511	Ohio Minority Development Financing C	$ 0	$ 0		----	N/A	----	N/A
GRF	195-512	Dayton Graduate Studies Institute	$ 0	----		----	N/A	----	N/A
GRF	195-513	Empowerment Zones/Ent/Communit	$ 853,949	$ 100,000	$1,187,379	$ 0	-100.00%	$ 0	N/A
GRF	195-906	Coal Research/Development General O	----	----		$ 8,971,700	N/A	$ 9,420,300	5.00%
General Revenue Fund Total			**$ 97,099,592**	**$ 110,882,597**	**$ 129,000,242**	**$ 139,756,865**	**8.34%**	**$ 143,786,161**	**2.88%**
135	195-605	Supportive Services	$ 6,313,651	$ 7,403,781	$7,889,914	$ 9,038,988	14.56%	$ 9,531,707	5.45%
442	195-606	Merchandise for Resale	$ 0	$ 0		$ 0	N/A	$ 0	N/A
136	195-621	International Trade	$ 30,978	$ 1,778		$ 100,000	N/A	$ 24,915	-75.09%
685	195-636	General Reimbursements	$ 732,810	$ 949,668	$1,020,618	$ 1,275,234	24.95%	$ 1,323,021	3.75%
5F7	195-658	Local Government Y2K Loan Program	----	$ 1,570,835	$4,777,256	$ 0	-100.00%	$ 0	N/A
General Services Fund Group Total			**$ 7,077,439**	**$ 9,926,062**	**$ 13,687,787**	**$ 10,414,222**	**-23.92%**	**$ 10,879,643**	**4.47%**
3V1	195-601	HOME Program	----	----		$ 40,000,000	N/A	$ 40,000,000	0.00%
308	195-602	Appalachian Regional Commission	$ 211,222	$ 121,289	$188,484	$ 350,000	85.69%	$ 350,200	0.06%
308	195-603	Housing & Urban Development	$ 11,980,814	$ 21,055,780	$22,214,970	$ 5,000,000	-77.49%	$ 5,000,000	0.00%
308	195-605	Federal Projects	$ 6,820,238	$ 8,258,893	$9,141,939	$ 7,855,501	-14.07%	$ 7,855,501	0.00%
308	195-609	Small Business Administration	$ 3,080,257	$ 2,910,691	$4,420,332	$ 3,799,626	-14.04%	$ 3,799,626	0.00%
335	195-610	Oil Overcharge	$ 5,774,983	$ 6,423,482	$5,359,894	$ 8,500,000	58.59%	$ 8,500,000	0.00%
3K9	195-611	Home Energy Assistance Block Grant	$ 45,682,096	$ 57,520,858	$72,826,093	$ 62,000,000	-14.87%	$ 62,000,000	0.00%
3L0	195-612	Community Services Block Grant	$ 20,801,387	$ 19,805,175	$20,122,906	$ 22,135,000	10.00%	$ 22,135,000	0.00%
3K8	195-613	Community Development Block Grant	$ 54,372,017	$ 63,913,759	$58,760,990	$ 65,149,441	10.87%	$ 65,088,961	-0.09%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DEV	***Development, Department of***								
3K9	195-614	HEAP Weatherization	$ 7,302,374	$ 7,988,610	$10,327,673	$ 10,412,041	0.82%	$ 10,412,041	0.00%
308	195-616	Technology Programs	$ 81,373	$ 0		$ 0	N/A	$ 0	N/A
308	195-618	Energy Federal Grants	$ 2,019,290	$ 2,209,115	$2,431,202	$ 2,803,560	15.32%	$ 2,803,560	0.00%
3X3	195-619	TANF Housing Program	----	----		$ 5,200,000	N/A	----	N/A
380	195-622	Housing Development Operating	$ 3,010,855	$ 4,087,992	$4,102,266	$ 4,507,212	9.87%	$ 4,696,198	4.19%
308	195-642	International Trade Promotion	$ 6,500	$ 0		$ 0	N/A	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 161,143,406**	**$ 194,295,644**	**$ 209,896,749**	**$ 237,712,381**	**13.25%**	**$ 232,641,087**	**-2.13%**
444	195-607	Water & Sewer Commission Loans	$ 1,180,616	$ 446,668	$148,096	$ 511,000	245.05%	$ 523,775	2.50%
445	195-617	Housing Finance Operating	$ 3,619,254	$ 4,015,392	$4,035,387	$ 3,782,808	-6.26%	$ 3,968,184	4.90%
449	195-623	Minority Business Bonding Program	$ 0	----		----	N/A	----	N/A
450	195-624	Minority Business Bonding Program Ad	$ 0	$ 0		$ 13,232	N/A	$ 13,563	2.50%
451	195-625	Economic Development Financing Oper	$ 1,596,560	$ 1,345,403	$1,477,448	$ 2,062,451	39.60%	$ 2,143,918	3.95%
4S0	195-630	Enterprise Zone Operating	$ 249,575	$ 227,064	$293,593	$ 211,900	-27.83%	$ 211,900	0.00%
611	195-631	Water & Sewer Administration	$ 1,059	$ 245	$180	$ 15,330	8,416.67%	$ 15,713	2.50%
4S1	195-634	Job Creation Tax Credit Operating	$ 234,896	$ 244,265	$247,898	$ 372,700	50.34%	$ 375,800	0.83%
646	195-638	Low & Moderate Income Housing Trust	$ 14,197,851	$ 20,758,724	$17,520,038	$ 21,539,552	22.94%	$ 22,103,807	2.62%
4F2	195-639	State Special Projects	$ 805,700	$ 297,589	$1,459,399	$ 1,052,762	-27.86%	$ 1,079,082	2.50%
4F4	195-640	Employment Service Training	$ 17,849	$ 0		$ 0	N/A	$ 0	N/A
4H4	195-641	First Frontier	$ 531,683	$ 492,219	$426,553	$ 600,000	40.66%	$ 650,000	8.33%
4V4	195-645	Liquor Control Minority Loan Program	$ 0	----		----	N/A	----	N/A
4W1	195-646	Minority Business Enterprise Loan	$ 540,813	$ 714,458	$429,440	$ 2,572,960	499.14%	$ 2,580,597	0.30%
586	195-653	Scrap Tire Loans & Grants	----	$ 3,468,077	$1,726,283	$ 0	-100.00%	$ 0	N/A
617	195-654	Volume Cap Administration	----	$ 91,337	$132,369	$ 200,000	51.09%	$ 200,000	0.00%
5M4	195-659	Universal Service	----	----	$48,012,386	$ 160,000,000	233.25%	$ 160,000,000	0.00%
5M5	195-660	Energy Efficiency Revolving Loan	----	----	$67,598	$ 12,000,000	17,652.06%	$ 12,000,000	0.00%
State Special Revenue Fund Group Total			**$ 22,975,856**	**$ 32,101,441**	**$ 75,976,667**	**$ 204,934,695**	**169.73%**	**$ 205,866,339**	**0.45%**
046	195-632	Coal Research & Development Fund	$ 5,068,779	$ 9,380,000	$11,045,517	$ 12,847,178	16.31%	$ 13,168,357	2.50%
Coal Research/Development Fund Total			**$ 5,068,779**	**$ 9,380,000**	**$ 11,045,517**	**$ 12,847,178**	**16.31%**	**$ 13,168,357**	**2.50%**
037	195-615	Facilities Establishment	$ 36,175,007	$ 30,338,049	$48,016,948	$ 56,701,684	18.09%	$ 58,119,226	2.50%
4Z6	195-647	Rural Industrial Park Loan	$ 435,000	$ 0	$1,534,463	$ 5,000,000	225.85%	$ 5,000,000	0.00%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DEV Development, Department of									
5D1	195-649	Port Authority Bond Reserves	$ 2,000,000	$ 0	$2,000,000	$ 2,500,000	25.00%	$ 2,500,000	0.00%
5D2	195-650	Urban Redevelopment Loans	----	$ 202,000	$1,917,582	$ 10,000,000	421.49%	$ 10,475,000	4.75%
5H1	195-652	Family Farm Loan Guarantee	$ 492,050	$ 1,108,699	$1,597,203	$ 2,246,375	40.64%	$ 2,246,375	0.00%
Facilities Establishment Fund Total			**$ 39,102,057**	**$ 31,648,748**	**$ 55,066,196**	**$ 76,448,059**	38.83%	**$ 78,340,601**	2.48%
Development, Department of Total			***$ 332,467,129***	***$ 388,234,492***	***$ 494,673,159***	***$ 682,113,400***	*37.89%*	***$ 684,832,188***	*0.40%*

- Budget should allow commission to deliver its current level of dispute resolution and conflict management services
- Expansion of services unlikely given GRF budget

Dispute Resolution and Conflict Management

Holly Simpkins, Budget Analyst

ROLE

The mission of the Commission on Dispute Resolution and Conflict Management is to provide Ohioans with constructive, nonviolent forums, processes, and techniques for resolving disputes. The commission focuses on four program areas — schools, communities, courts, and state and local government — providing dispute resolution and conflict management training, facilitation and mediation services, consultation, and technical program assistance. A staff of seven full-time employees pursues this mandate, partnering with other institutions to develop a statewide conflict resolution capacity. The commission, established in November 1989, is guided by 12 volunteer commissioners — four appointed by the Governor, four by the Chief Justice of the Supreme Court, and two each by the President of the Senate and the Speaker of the House — who serve staggered three-year terms.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
7	$766,000	$765,000	$572,000	$601,000	Am. Sub. H.B. 94

OVERVIEW

During the FY 2000-2001 biennium, the commission focused primarily on three areas of activity: (1) the Truancy Prevention Through Mediation Project, (2) the School Conflict Management Program, and (3) the Early Childhood Conflict Management Program.

The FY 2002-2003 biennial budget provides a level of funding that should allow the commission to continue delivering its FY 2001 level of services. It does not provide any new funding that would permit expansion of the commission's services to more schools or communities or to provide more training or evaluation of existing programs. The commission had requested supplemental GRF funding for four education-related programs to address truancy prevention, early childhood programming, School Resource Officer training, and school conflict management. These supplemental funds were not appropriated. With virtually a "no-growth" GRF budget, the commission plans to look for other sources of revenue, including federal grants, to give it greater flexibility in making decisions on what programs and services to continue or expand.

The budget to implement the School Conflict Management Program is split between the commission (GRF line item 145-401) and the Ohio Department of Education (GRF line item 200-432), with the

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

CDR *Dispute Resolution and Conflict Management Commission*

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF 145-401 Commission on Dispute Resolution/Ma	$ 453,002	$ 632,580	$573,115	$ 572,474	-0.11%	$ 600,824	4.95%
GRF 145-402 School Conflict Management	$ 1,316	$ 0		$ 0	N/A	$ 0	N/A
General Revenue Fund Total	**$ 454,318**	**$ 632,580**	**$ 573,115**	**$ 572,474**	**-0.11%**	**$ 600,824**	**4.95%**
4B6 145-601 Gifts and Grants	$ 76,662	$ 47,252	$39,357	$ 160,590	308.04%	$ 164,605	2.50%
General Services Fund Group Total	**$ 76,662**	**$ 47,252**	**$ 39,357**	**$ 160,590**	**308.04%**	**$ 164,605**	**2.50%**
3S6 145-602 Dispute Resolution: Federal	$ 13,429	$ 17,583	$39,019	$ 32,917	-15.64%	$ 0	-100.00%
Federal Special Revenue Fund Group Total	**$ 13,429**	**$ 17,583**	**$ 39,019**	**$ 32,917**	**-15.64%**	**$ 0**	**-100.00%**
Dispute Resolution and Conflict Management Commiss	***$ 544,409***	***$ 697,415***	***$ 651,491***	***$ 765,981***	*17.57%*	***$ 765,429***	*-0.07%*

majority of the funding housed in the latter's budget. Temporary law in the department's budget requires it to assist the commission in the development and dissemination of the program and to assign a departmental employee full-time to the commission to provide technical and administrative support.

Over the last six fiscal years, the commission's budget has primarily covered its payroll costs and secondarily supported personal services contracts. A very small percentage of the commission's budget has been used for grants (subsidy). This expenditure pattern is expected to continue in the FY 2002-2003 biennium, as the commission seeks to continue the delivery of dispute resolution and conflict management programs and services by using its own staff.

- Fully funds the updated per pupil base cost ($4,814) of an adequate education in FY 2002 – 12.1% increase over FY 2001
- $310.1 million in parity aid for education beyond adequacy

Department of Education

Wendy Zhan, Senior Analyst

ROLE

The role of the Department of Education is to assist local school districts in providing every student with an adequate education needed to successfully meet the challenges of the 21st century. The department is governed by a 19-member State Board of Education. Eleven of those 19 members are elected by the citizens and the other eight members are appointed by the Governor. The Superintendent of Public Instruction, who is hired by the State Board of Education, is responsible for the department's day-to-day operation. With a budget of approximately $7.8 billion in FY 2001, the department oversees an education system consisting of 612 public school districts and 49 joint vocational school districts with almost $15 billion in annual expenditures. In addition, there are public community schools, educational service centers, Head Start programs, state chartered nonpublic schools, and other school-related entities to monitor.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
600 (FTEs)	$8,631.9 million	$9,046.8 million	$6,786.9 million	$7,164.5 million	Am. Sub. H.B. 94

OVERVIEW

Am. Sub. H.B. 94, the main operating budget bill of the 124th General Assembly, contains the state's responses to *DeRolph II* to ensure an adequate education for all students across the state. Primary and secondary education is the highest priority of the budget; 38.5 percent of the $40.0 billion state budget is devoted to K-12 education over the biennium. The total budget for the department features funding increases of 10.1 percent and 4.8 percent for fiscal years 2002 and 2003, respectively. The table below details the department's appropriations by fund group.

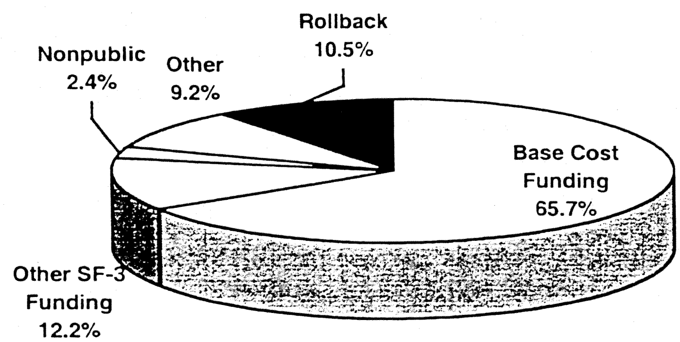
Fund	FY 2001	FY 2002	% Change, FY01-02	FY 2003	% Change, FY02-03
GRF	$6,140,315,324	$6,786,869,283	10.5%	$7,164,480,070	5.6%
General Services	$12,783,827	$37,446,829	192.9%	$37,776,554	0.9%
State Special Revenue	$14,106,437	$120,432,522	753.7%	$135,622,885	12.6%
Lottery	$690,213,536	$633,722,100	-8.2%	$621,722,600	-1.9%
Federal Special Revenue	$981,783,239	$1,053,439,891	7.3%	$1,087,241,044	3.2%
Grand Totals	***$7,839,202,363***	***$8,631,910,625***	***10.1%***	***$9,046,843,153***	***4.8%***
GRF + Lottery	***$6,830,528,860***	***$7,420,591,383***	***8.6%***	***$7,786,202,670***	***4.9%***

It can be seen from the table that the budget increases the General Revenue Fund (GRF) appropriations by 10.5 percent in FY 2002 and by 5.6 percent in FY 2003. The Lottery Profits Education Fund (LPEF) appropriations would experience decreases of 8.2 and 1.9 percent, respectively. As the LPEF source of education funding has declined in recent years, the GRF appropriations have been making up the difference. Total GRF and Lottery appropriations increase by 8.6 percent in FY 2002 and 4.9 percent in FY 2003.

The significant increase in the General Services Fund appropriations in FY 2002 reflects the lower expenditures ($3.8 million in actual expenditures vs. $30.0 million in original appropriations) in the school district solvency assistance program in FY 2001. The budget appropriates the program $24.0 million in each year of the FY 2002-FY 2003 biennium. The newly created line item 200-900, School District Property Tax Replacement, funded at $102.0 million in FY 2002 and $115.9 million in FY 2003, accounts for increases in State Special Revenue Fund appropriations. This, combined with GRF spending, is to compensate school districts for public utility value decreases as a result of S.B. 3 and S.B. 287, both of the 123rd General Assembly.

The majority of the department's appropriation dollars are distributed to the 612 school districts and the 49 joint vocational school districts through the foundation SF-3 formulas. Chart 1 shows the department's GRF and LPEF appropriations by major spending areas in FY 2002. The composition of the department's budget remains about the same in FY 2003. It is clear that the base cost funding, representing approximately 65.7 percent of total GRF and LPEF appropriations, is the largest spending area within the department's budget. Total SF-3 funding (including base cost funding, parity aid, and other SF-3 funding) represents approximately 77.9 percent of the department's total GRF and LPEF budget.

Chart 1: GRF and LPEF Appropriations by Components, FY 2002



THE SCHOOL FUNDING REFORM OVERVIEW

COST OF AN ADEQUATE EDUCATION

The budget continues to use a performance based cost model to ensure an adequate education for all school districts. The model includes a base cost – the cornerstone of the model – various adjustments to the base cost to reflect uncontrollable cost factors facing individual school districts in providing an adequate education, and the pupil transportation funding based on a statistical regression analysis. The model determines the total state and local cost of an adequate education for every district. The state share of an adequate education model cost for an individual district is equalized based on the district's property wealth with higher state shares for low property wealth school districts. The foundation SF-3 formulas guarantee every district receives the full amount of state and local funding for an adequate education as determined by the model and therefore ensures an adequate education for every school district.

Base Cost. The budget updates the base cost model, which is based on the average base expenditures of the 127 selected model districts meeting at least 20 out of 27 performance standards in FY 1999. It fully funds the updated base cost formula amount of $4,814 in FY 2002, including $12 per pupil for increasing the minimum graduation credit requirement to 20 units. The inflationary-adjusted base cost formula amount is $4,949 in FY 2003. The budget also eliminates the previous phase-in approach in the cost of doing business factor (CDBF) application and fully funds the 7.5 percent range of the CDBF adjustment to the base cost formula amount. As a result, the budget spends $130 million more over the biennium in funding the CDBF adjustment. Overall, the budget distributes approximately $8.7 billion in the base cost funding with the CDBF adjustment to school districts and joint vocational school districts in the FY 2002-2003 biennium.

Special Education. The budget establishes a new six-weight system for special education largely based on the recommendation of the Ohio Coalition for the Education of Children with Disabilities. The new system is phased in at the 82.5 percent level in FY 2002 and at the 87.5 percent level in FY 2003. In addition to benefiting from the base cost funding increase, state special education weight funding for the 612 school districts is estimated to increase by 8.5 and 9.3 percent in FY 2002 and FY 2003, respectively.

Transportation and Excess Cost Supplement. Beginning in FY 2003, the transportation reimbursement rate will be 60 percent or a district's state share percentage of the base cost funding, whichever is greater. An estimated 248 districts will have state share percentages greater than 60 percent. Meanwhile, a district's combined local formula share of transportation as well as special and vocational education model costs is limited to a maximum of three mills of local property taxes. The budget provides an estimated $31.1 million in excess cost supplement to over 40 percent of school districts in FY 2003. This supplement significantly limits local share requirements for school districts that have a high intensity of service needs in these areas.

Gap Aid. The budget extends the charge-off supplement (gap aid) to also include the local share of the transportation model cost. As a result, gap aid calculations will include the local share of the base cost funding at 23 mill charge-off, the transportation model cost, as well as special and vocational education weight costs. The gap aid extension may seem to be subtle, however, it has significant implications. It effectively eliminates any formula phantom revenues and ensures every district receives the full amount of state and local funding for an adequate education as determined by the model.

State Share Stabilization. The budget requires the General Assembly to update the cost of an adequate education every six years. It limits the variation of the state share percentage of the base cost funding and parity aid for years between any two updates to a 2.5 percent range to stabilize the state and local shares. The state share of the base cost funding and parity aid is 49 percent in FY 2002 – the first update year. This is the target state share percentage for FY 2003 through FY 2007. By stabilizing the state share percentage of the base cost funding, the state share of special and vocational education additional funding is also stabilized. Disadvantaged Pupil Impact Aid is 100 percent state funded. The state pays the greater of 60 percent or the district's state share percentage of the base cost funding for pupil transportation. It should be noted that the 49 percent state share in FY 2002 only includes the base cost funding and parity aid and excludes the state funding for various adjustments to the base cost. An adequate education cost model includes the base cost, various adjustments to the base cost, and pupil transportation. The average state share of the model cost of an adequate education is approximately 55.8 percent in FY 2002.

FINDING FOR EDUCATION BEYOND ADEQUACY – PARITY AID

The model cost of an adequate education for an individual school district does not depend on the district's property wealth or income wealth. Instead, it depends on a rational model that takes into account the characteristics of the district and its students. A school district with a higher need (for example, a higher concentration of poverty or special education students) will have a higher per pupil cost under the model. There are little disparities in the adequate education level across all school districts. Disparities occur in spending above the adequacy level largely due to the existence of local enhancement revenues. With gap aid, formula phantom revenue has been completely eliminated. H.B. 920 mainly affects local enhancement revenues above the adequacy level (or reappraisal phantom revenue). Furthermore, H.B. 920 generally affects high wealth districts more than it does low wealth districts. The elimination of H.B. 920 would further exacerbate disparities among school districts.

The budget establishes parity aid to address disparities in local enhancement revenues and to buffer reappraisal phantom revenue. Parity aid equalizes an additional 9.5 mills (above the adequacy level) to the 80th percentile district's wealth level. The parity aid wealth is a weighted average property wealth (2/3) and income wealth (1/3). Districts with wealth levels between the 70th and 90th percentiles had on average 9.5 additional mills above the foundation program for local enhancement services in FY 2001. The top wealthiest 20 percent of school districts (including about 25 percent of all students) consistently have much higher per pupil revenues than the other 80 percent of school districts (including about 75 percent of all students). Local property taxes are the primary factor behind the higher per pupil revenues for the top 20 percent of school districts. By using the 80th percentile level as the threshold, parity aid will significantly reduce disparities in spending above the adequacy level once it is fully implemented.

Alternatively, certain districts are eligible for parity aid that provides the FY 2001 level of the income factor adjustment benefit. Overall, about 492 school districts are eligible for parity aid with no additional local effort requirement. Parity aid is to be phased-in over a five-year period. The budget provides $310.1 million in parity aid over the biennium. If parity aid were fully implemented in FY 2002, it would provide approximately $494.3 million to school districts for education enhancement services. The per pupil benefit would range from $987 to less than $10 with an average of $378 per pupil.

BUDGET ISSUES

FUNDING MODEL FOR THE COST OF AN ADEQUATE EDUCATION

Theory and Method

Primary and secondary education funding in Ohio has historically been a partnership between the state and local school districts. Each individual district's spending is essentially the function of the following three factors: (1) a uniform base cost for providing a core general education for all students in regular classes; (2) variable costs of providing comparable core education services due to uncontrollable cost factors facing individual districts; and (3) additional spending due to local preference for a "premium" education. To ensure an adequate education for all school children, in addition to funding the uniform base cost, the state needs to compensate a school district for its higher cost of providing an adequate education due to uncontrollable cost factors, such as a higher concentration of low-income, special education, or vocational education students. In other words, the cost of an adequate education for an individual district includes a uniform base cost and variable costs that reflect the district's unique circumstances. The state has a responsibility to ensure funding for an adequate education for all students regardless of the wealth and location of school districts.

Obviously, there exists more than one rational method to determine the cost of an adequate education. In response to the directive of *DeRolph I*, the 122nd General Assembly adopted a performance based method with an input supplement. The underpinning theory behind the performance based model is that most districts should have potential to provide a quality education opportunity similar to that offered by a representative group of well-performing districts, provided they have a similar amount of revenues adjusted for the uncontrollable cost factors faced by individual districts. Meanwhile, the performance based model maximizes local control. It also allows the state to institute a statewide accountability system and to intervene when it is necessary.

In preparing the response to *DeRolph II*, several legislative committees were formed, one of which was the Joint Committee to Re-examine the Cost of an Adequate Education. In December 2000, the Joint Committee issued its final report containing recommendations to address *DeRolph II*. In its final report, the Joint Committee largely affirmed the legislative policy choice of using the performance based method to determine the cost of an adequate education. This method is enacted in the budget by the 124th General Assembly to determine the cost of an adequate education.

Model

The performance based model adopted by the General Assembly is a total state and local education cost model. The model includes the base cost – the cornerstone of the model – various adjustments to the base cost to reflect unique uncontrollable cost factors facing individual school districts, and the pupil transportation funding based on a statistical regression analysis. The discussion of individual elements of an adequate education cost model follows.

Base Cost

What is the Base Cost? The center of the model is the development of a uniform base cost for all students across the state. Expenditures related to uncontrollable cost pressures (such as student poverty, special and career-technical education programs, and the labor market cost difference) as well as transportation expenditures and federal revenues are subtracted from a school district's "Total Operating Expenditures" to give the district's "Base Cost" (see Table 1). The base cost is comparable and similar from one district to another. It basically reflects the state base cost funding, equity aid, other state grants outside the foundation program, and local revenues for general education from the first 23 mills and beyond (local enhancement funding).

Table 1: Base Cost Calculation
A District's Total Operating Expenditures
Minus all of the following:
-- Special education expenditures
-- Career-technical education expenditures
-- State DPIA Funding
-- Transportation expenditures
-- Federal revenues
-- Deflated by the 7.5 percent range of the cost of doing business factor
= ***BASE COST***

How to Determine a Statewide Base Cost Formula Amount? The model adopted by the 122nd General Assembly (H.B. 650 model) was based on the analysis of the FY 1996 performance and base cost data of all school districts. The 124th General Assembly updates the model to utilize the most recent available FY 1999 performance and base cost data (H.B. 94 model). Specifically, the H.B. 94 model used 27 indicators (25 proficiency test results, attendance rate, and graduation rate) to measure each school district's performance. The evaluation of school district performance produced 170 (28.0 percent of all districts) high performing school districts that met at least 20 out of 27 performance indicators.[3] A total of 43 non-representative high performing districts were removed from the model based on high (in the top five percent of all districts) or low (in the bottom five percent of all districts) property wealth or income wealth. The remaining 127 representative high performing districts formed the model used to determine the statewide base cost formula amount of an adequate education.

In the process of updating the base cost model, it was recognized that without some adjustments the state would end up funding similar spending twice. As indicated earlier, under the H.B. 650 model, expenditures associated with uncontrollable factors (special education, career-technical education, DPIA and the cost of doing business factor) as well as pupil transportation and federal revenues were subtracted from a school district's total operating expenditures to give the district's base cost figure. State grants programs (for example, professional development grants and technology grants) and local enhancement revenues (above the 23 mills) were not backed out, however. In other words, the statewide base cost that was calculated based on the FY 1996 data included this additional state and local spending above the foundation program. Meanwhile, these same programs were funded again outside of the foundation program under the H.B. 650 model since the base cost charge-off rate remained at the 23 mills and the state continued to fund many grant programs as separate line items. In fact, state grant programs totaled more than $90 million and local enhancement revenues amounted to approximately $1.8 billion in FY 1999. With the potential of funding such a significant amount of spending twice, without any adjustment it could result in base expenditures that would be higher than necessary for some school districts to maintain their high performing district status.

To address the phenomenon of funding similar spending twice, or the "echo effect," the 124th General Assembly made further adjustments to the 127 model districts' base expenditures before calculating the statewide base cost formula amount. If a H.B. 94 model district also met the H.B. 650 model performance standards, the H.B. 94 model used the district's inflationary (2.8 percent per year) adjusted FY 1996 base cost figure or its FY 1999 base cost figure, whichever was less. For H.B. 94 model districts that did not meet the H.B. 650 model performance standards, the H.B. 94 model used their actual FY 1999 base cost figures to ensure that additional expenditures these districts incurred in order to meet the standards imposed by the H.B. 94 model are included in the calculation. The final calculation of the statewide base cost formula amount was based on the district average of the 127 model districts' adjusted base expenditures. This calculation resulted in a statewide base cost formula amount of $4,420 in FY 1999, which was higher than the average base cost of $4,133 for the 436 districts meeting less than 20 performance indicators in FY 1999.

With an inflationary (2.8 percent per year) adjustment, the updated statewide base cost formula amount is determined at $4,814 in FY 2002, including $12 per pupil for increasing the high school minimum

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[3]The H.B. 650 model used 18 indicators (16 proficiency test results, attendance rate, and graduation/dropout rate) to measure each school district's performance due to the fact that the 6th grade proficiency tests (5) and science tests in all other grades (4) were relatively new at that time. The evaluation of school district performance in FY 1996 initially produced 169 (27.8 percent of all districts) high performing districts that met at least 17 out of 18 performance indicators. While the H.B. 94 model and the H.B. 650 model used different numbers of performance indicators, both models produced similar numbers of high performing districts. In other words, the standards used by these two models were comparable.

graduation credit requirement to 20 units.[4] The base cost formula amount is $4,949 in FY 2003 by applying the same inflationary factor of 2.8 percent to the formula amount of $4,814 for FY 2002.

Various Adjustments to the Base Cost

The uniform base cost is the cornerstone of an adequate education funding model. However, any sound school funding model needs to recognize the fact that students and school districts are not all the same. A flat per pupil base cost funding will not ensure a similar adequate education opportunity for every student in every district. A rational school funding model should provide additional funds above the base cost to compensate individual districts for higher costs they may have to incur in order to provide an adequate education to all students. Both H.B. 650 and H.B. 94 models include series of adjustments to the base cost to account for individual districts' unique characteristics. These adjustments mainly include the regional labor market difference, special education, career-technical education, student poverty, and pupil transportation. Through these adjustments, all expenditures (Table 1) that were previously excluded from a district's base cost were added back to level the playing field for every district. Federal revenues also continue to flow to school districts outside of the model.

The Cost of Doing Business Factor (CDBF). As shown in Table 1, each district's base cost used in the model was deflated by its countywide CDBF within a 7.5 percent range in order to make the base cost comparable from one district to another. In the actual base cost funding formula, each district's base cost is adjusted by the county-based CDBF, which attempts to measure the county-by-county systematic differences in the regional labor market faced by school districts. This adjustment enables the formula to provide additional aid to those districts which may have to incur higher labor costs in providing an adequate education. Without this adjustment, school districts in counties with a high labor cost may be forced to hire fewer teachers, resulting in a large class size. This would be particularly true for low wealth districts in high labor cost counties, such as East Cleveland City School District in Cuyahoga County. Wealthy districts may be able to overcome this obstacle by passing additional local levies. It should be noted that the cost of doing business factor adjustment in the base cost funding formula merely reflects the systematic wage differences from one county to another based on private sector wage patterns. On average, about 80 percent of a school district's operating budget is for salaries and fringe benefits.

Under the H.B. 650 model, each district's base cost used in the model was deflated by its countywide CDBF within an 18 percent range. Meanwhile, there was a phased-in approach to add back the full 18 percent range of CDBF beginning in FY 2004. Under this approach, the phased-in CDBF adjustment in the base cost funding formula was 13.8 percent in FY 2001 and would have been 15.2 percent in FY 2002 and 16.6 percent in FY 2003. The H.B. 94 model eliminates this phase-in approach. It deflates the model districts' base expenditures by their respective CDBF within a 7.5 percent range and fully adds back the same 7.5 percent range of CDBF in the base cost funding formula. As a result, the budget spends approximately $130 million more over the biennium in funding the CDBF adjustment.

It should be noted that the base cost formula amount and CDBF are interdependent. With the same group of model districts' base expenditures, the base cost formula amount would be higher if they were deflated by a smaller range of CDBF. Conversely, deflating the same base expenditures by a larger range of CDBF

[4]In its final report, the Joint Committee determined that it would cost $85 in per pupil base cost to fund an additional 1.4 credits in FY 2002 (please see "Final Report of the Joint Committee to Re-Examine the Cost of an Adequate Education," December 31, 2000, for the detailed formula behind this determination). Based on survey information, the 127 model districts had an average minimum graduation requirement of 19.8 credits in FY 1999. H.B. 94 establishes a minimum graduation requirement of 20 credits. The cost of funding the additional 0.2 credits is therefore $12 [(0.2/1.4) x $85] per pupil in FY 2002.

would produce a lower base cost formula amount. While the 7.5 percent range of CDBF produces a statewide base cost formula amount of $4,814 in FY 2002, the CDBF method used by the H.B. 650 model (an 18 percent range) would have produced a statewide base cost formula amount of $4,559 in FY 2002 based on the same 127 model districts' adjusted base expenditures. The method selected results in a flatter distribution of modeled costs (less disparities) and almost the same overall cost to the state.

Special Education. In addition to the base cost, the budget establishes a new six-weight system for special education largely based on the recommendation of the Ohio Coalition for the Education of Children with Disabilities. Special education students are grouped into six categories and assigned additional weights to reflect higher costs required by special education services (Table 2). The new system is phased in at the 82.5 percent level in FY 2002 and at the 87.5 percent level in FY 2003. The state funding for special education additional weight costs is equalized based on the wealth of school districts.

Table 2: Special Education Total Weight Categories

Category One:	**1 + 0.2892 = 1.2892**	– Speech only
Category Two:	**1 + 0.3691 = 1.3691**	– Specific learning disabled, developmentally handicapped, other health – minor
Category Three:	**1 + 1.7695 = 2.7695**	– Hearing impaired, vision impaired, severe behavior handicapped
Category Four:	**1 + 2.3646 = 3.3646**	– Orthopedically handicapped, other health – major
Category Five:	**1 + 3.1129 = 4.1129**	– Multihandicapped
Category Six:	**1 + 4.7342 = 5.7342**	– Autism, traumatic brain injury, both visually and hearing disabled

In addition to the base cost funding and weight funding, all special education students except for "speech only" students are also eligible for an additional "catastrophic cost" subsidy. The threshold is $30,000 per pupil for category six students and $25,000 per pupil for students in categories two through five. The threshold amounts are adjusted by an inflation factor of 2.8 percent in FY 2003. The budget provides $15 million per year for the catastrophic cost subsidy. The state will reimburse 50 percent of the cost exceeding the thresholds and the state share of the other 50 percent of the cost exceeding the thresholds. For an average wealth district, the state will pay 75 percent of the catastrophic costs. Prior to this budget, this subsidy only provided for students identified as having autism, traumatic brain injury, or both visual and hearing impairments. All catastrophic costs above the threshold were equalized based on the district's state share percentage of the base cost funding. An average wealth district was reimbursed at 50 percent of the catastrophic costs.

Career-technical Education. Just like special education students, career-technical education students enrolled in comprehensive high schools and joint vocational school districts are assigned additional weights above the base cost to cover higher costs of vocational education services. The additional weight is 0.57 for a career-technical FTE student enrolled in the workforce development program and 0.28 for a career-technical FTE student enrolled in all other career-technical education programs. Every career-technical FTE student also receives a weight of 0.05 for associated services (Table 3). The state funding for career-technical education weights is also equalized based on each district's wealth.

Table 3: Career-technical Education Total Weight Categories

Workforce Development Program Weight: 1 + 0.57 = 1.57

Non-Workforce Development Program Weight: 1 + 0.28 = 1.28

0.05 – All Career-technical Education Program Associated Service Weight

Prior to the budget, career-technical education weights were 0.6 and 0.3 for the workforce development program and the non-workforce development program, respectively. The budget adjusts these weights to reflect the impact of the cost of doing business factor application policy change on the base cost formula amount. As indicated earlier, if the H.B. 650 model's CDBF method were retained, the base cost formula amount would be $4,559 in FY 2002. Career-technical education weights of 0.6 and 0.3 would generate an additional $2,735 ($4,559 x 0.6) and $1,368 ($4,559 x 0.3) in per FTE funding for workforce development and non-workforce development students, respectively. The policy change in the CDBF application results in a higher base cost formula amount of $4,814 in FY 2002. To maintain the same intended additional funding dollar goal for career-technical education students, these weights need to be adjusted. These adjustments produce weights of 0.57 ($2,735/$4,814) for a workforce development FTE student and 0.28 ($1,368/$4,814) for a non-workforce development FTE student. Due to the conventional rounding method, the weight of 0.05 for the career-technical education associated service remains unchanged. Of course, the other alternative for determining career-technical education weights is to conduct a new study of the cost of career-technical education when the base cost model is updated.

Disadvantaged Pupil Impact Aid (DPIA). It is widely recognized that school districts with a high concentration of students from low-income families often have to incur higher spending to provide similar education services. The budget continues the 100 percent state funded DPIA program to level the playing field for school districts with a high concentration of poverty. The program provides funding for all-day and every day kindergarten, increasing instructional attention or reducing class size in grades K-3, and safety and remediation measures.

DPIA funding is distributed based on each district's DPIA index, which compares a district's Ohio Works First (OWF) student percentage to the statewide average OWF student percentage. School districts with a DPIA index equal to or greater than one or with a three-year average formula ADM of at least 17,500 are eligible for all-day and every day kindergarten funding. School districts with a DPIA index of between 0.6 and 2.5 are eligible for funding based on a sliding scale to reduce K-3 pupil/teacher ratios from 23:1 down to slightly above 15:1. Districts with an index of at least 2.5 will receive funding to reduce ratios to 15:1. School districts with a DPIA index between 0.35 and 1.0 are eligible for $230 per OWF student funding for any safety and remediation measures districts elect to implement. Districts with an index greater than one will receive $230 with the index adjustment per OWF student. For a district with an index of two, per OWF student funding amount is $460 ($230 x 2).

The creation of a DPIA index has lessened the impact of the decline of the welfare caseload on the amount of DPIA funding for individual districts. The budget adopts a new poverty indicator to further stabilize DPIA funding beginning in FY 2004 – the earliest possible schedule for using the new indicator based on the recommendations of the Legislative Office of Education Oversight (LOEO). Instead of using the single measure of the number of students whose families participate in OWF, the new indicator uses the unduplicated count of children whose families participate in four state welfare programs, including OWF. Based on the LOEO research, the new indicator is likely to increase DPIA eligible students by 27.1 percent. State DPIA funding is likely to increase by 11.0 percent as a result. Since significant assumptions were needed to complete the estimates, these results should be viewed as fairly tentative, especially for individual school districts.

A Statistical Pupil Transportation Funding Model

To promote transportation efficiency, the budget continues to use a multiple regression model with a rough road subsidy to fund pupil transportation. The model uses an algebraic equation to predict each district's transportation cost based on each district's daily bus mileage per ADM and its percentage of pupils transported. The state funding is based on the transportation model cost instead of actual transportation expenditures. The state reimbursement rate is 57.5 percent in FY 2002 and 60 percent or the district's state share percentage of the base cost funding, whichever is greater, beginning in FY 2003. The additional rough road supplement is provided to mainly sparse rural districts in counties with a high percentage of rough roads as defined by the Department of Transportation.

Summary of an Adequate Education Cost Model

In summary, the model adopted by the 124th General Assembly to determine the cost of an adequate education includes three main components: (1) base cost; (2) adjustments to the base cost to account for uncontrollable cost factors individual districts face in providing an adequate education (including the regional labor market cost, special education, career-technical education, and DPIA); and (3) a statistical pupil transportation model. Federal revenues that are beyond the control of state and local school districts will continue to flow independently of the model. (Most of the federal dollars are distributed based on poverty.) The adequate education cost model includes both state and local costs. The total cost of an adequate education for an individual district is determined by the model that takes into account the characteristics of the district and its students. Once total model cost of an adequate education is determined for a school district, the foundation SF-3 formulas are used to determine an equitable way of sharing the district's total model cost between the state and the district (see next section for details).

Funding Formulas for an Adequate Education Model Cost

As indicated earlier, the performance based model adopted by the General Assembly determines the total state and local cost of an adequate education for an individual district. Once the total cost of an adequate education is established, the state share is largely equalized based on each individual district's property wealth. The GRF and lottery appropriations for the department total $17.7 billion in the FY 2002-FY 2003 biennium. Of this amount, an estimated $11.5 billion will be distributed to the 612 school districts and the 49 joint vocational school districts through equalized foundation SF-3 formulas, named after the form used by the department to calculate the state share of an adequate education model cost for each individual school district. Gap aid is also an essential part of the formula since it provides subsidies to eligible districts to ensure they receive the full amount of state and local revenues to fund the model cost of an adequate education. These various formulas are discussed in the following sections.

Base Cost Funding Formula

The purpose of the base cost funding formula is to guarantee every student receives the same per pupil base cost funding with the CDBF adjustment from the combination of state and local revenues at 23 mills. The formula neutralizes the effect of different levels of property wealth on school districts' abilities in funding the base cost. The expression of the base cost funding formula can be seen in Table 4. The discussion of various formula variables follows.

Table 4: Base Cost Funding Formula

Total Base Cost = State Share + Local Share (Charge-off)

Total Base Cost = Per Pupil Base Cost Formula Amount x CDBF x Formula ADM

Charge-off = Total Recognized Valuation x 23 Mills

Total Base Cost

Total base cost for a school district is essentially a result of multiplying the per pupil base cost formula amount with the CDBF adjustment by the number of students enrolled in the district.

Base Cost Formula Amount. As indicated earlier, the 124th General Assembly continues to use a performance based method to determine the base cost of an adequate education. The formula amount determination is independent of the state budget preparation process. The so-called residual budgeting phenomenon has been eliminated. The updated base cost formula amount is $4,818 in FY 2002. With an inflationary adjustment, the formula amount is $4,949 in FY 2003. The General Assembly is required to update the cost of an adequate education every six years. For years between updates (FY 2003-FY 2007), the base cost formula amount will be adjusted by a minimum inflationary factor of 2.8 percent per year.

Cost of Doing Business Factor. To compensate school districts for higher costs they may have to incur to provide an adequate education due to the county by county systematic differences in the regional labor markets, the formula amount is adjusted by the countywide based CDBF. The budget permanently freezes the range of CDBF at 7.5 percent with the lowest factor of one for Galia County and the highest factor of 1.075 for Hamilton County. The adjusted formula amount of $5,175 ($4,814 x 1.075) in FY 2002 for school districts in Hamilton County is viewed as equivalent to the formula amount of $4,814 in Galia County. In other words, to ensure a similar ability to provide an adequate education, the formula provides 7.5 percent more in the base cost funding to districts in Hamilton County than it provides to districts in Galia County. The cost of the CDBF adjustment totals approximately $670.1 million over the biennium. Counties with the highest labor market costs in the state are Hamilton, Cuyahoga, Butler, Warren, and Summit.

Formula ADM. Total base cost calculations for a given year are based on the so-called October count, or the average daily membership (ADM) of students during the first full week of October classes for that fiscal year. The formula ADM is an adjusted October count. All K-12 students, including special and career-technical education students, are included, but kindergarten students are counted at the 50 percent level and JVSD students are counted at the 25 percent level.

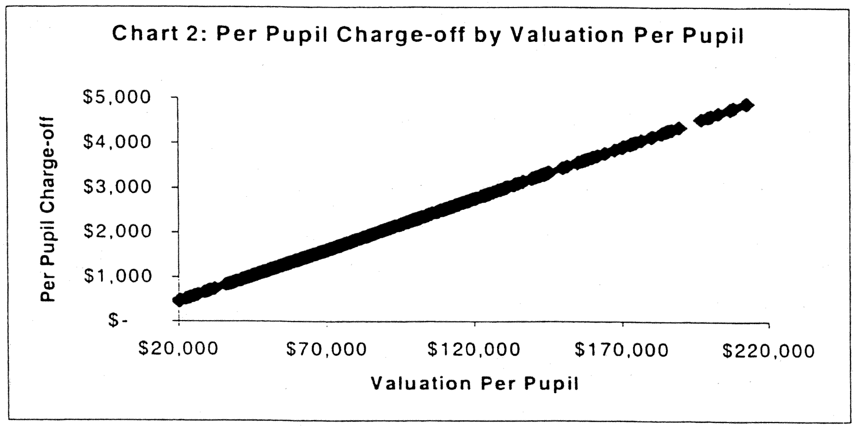
The growth of public school student enrollment in the 1990s reached its peak in FY 1998 and the enrollment has decreased consistently since then. The statewide formula ADM is projected to decrease by 0.3 percent per year in the FY 2002-FY 2003 biennium. Enrollments are estimated to decline in about 397 school districts (or 65 percent of all districts) in FY 2002. As one of the several measures to minimize the fluctuation in state aid due to declining enrollments, the greater of current year or 3-year average formula ADM is used in the base cost funding formula. As a result, the state funds more than 31,000 students who are not enrolled in any school over the biennium with a cost of approximately $134.7 million.

Local Share (23 Mills Charge-off)

Each district's local share of the base cost funding is a uniform 23 mills of local property tax levies as follows:

Charge-off = Total Recognized Valuation x 0.023

This charge-off method assumes 23 effective mills against all property adjusted for phasing-in the inflationary increases in carryover real property in update/reappraisal years. This is a rational and equitable statewide charge-off system. Per pupil local share under this method has an upward linear straight line relationship with each district's valuation per pupil, i.e., higher per pupil valuation, higher per pupil charge-off (see Chart 2). This method is closely connected to each district's actual property wealth.



Recognized Valuation. Property value in Ohio is divided into four major categories: (1) Class I (residential and agricultural real property); (2) Class II (commercial, industrial, and mineral real property); (3) public utility personal tangible property; and (4) other personal tangible property. Class I and Class II are commonly referred to as real property. A typical school district's property value composition is as follows: 59.7 percent in Class I; 19.6 percent in Class II; 8.0 percent in public utility; and 12.7 percent in other personal tangible. However, the composition for each individual district varies widely across the state.

Real property is updated every three years and reappraised every six years in Ohio. School districts generally will experience significant increases in real property value in the reappraisal or update year. Revenue from voted operating mills on existing (carryover) real property, however, does not grow with appreciation in value of property due to H.B. 920. Millage rates are generally adjusted downward to maintain the same dollar amount of revenue from levies. For example, a school district may have a 15 percent increase in real property valuation in a reappraisal year and end up with only 2.3 percent growth in revenue from real property. However, the previous base aid formula used the full growth value and assigned a 15 percent increase in local share for the district in that reappraisal year. While the effect of that increase was at least partially offset by the increase in the formula amount, a district's state aid would sometimes decrease by a significant percentage in that year. The state funding fluctuated along the reappraisal/update cycles. (This was never a fair comparison because a three-year increase in value was matched against an annual increase in the formula amount.)

To minimize the fluctuation in state funding due to reappraisal/update cycles, Am. Sub. H.B. 215 of the 122nd General Assembly adopted the "recognized" valuation provision. Beginning in FY 1998, a school district's inflationary increase in carryover real property in the reappraisal/update year has been "recognized" evenly over a three-year phase-in period. If a district experiences a 15 percent inflationary increase in real property in a reappraisal year, the base cost formula only recognizes a 5 percent increase in that year, 10 percent increase in the following year, and the full 15 percent growth in the third year. In other words, in the third year recognized valuation equals assessed valuation. On average, the recognized valuation provision lowers the charge-off by approximately $125 million statewide per year.

Income Factor. An income factor was first adopted in the base cost funding formula in FY 1996. It originally lowered valuations for districts with median incomes below the statewide median and adjusted valuations upward for districts with median incomes above the statewide median. The adjustment applies to a uniform per pupil valuation of $60,000 to standardize the benefit of the income factor. By altering a district's true property wealth in the eyes of the formula, the income factor adjustment provided more (less) state aid to low (high) personal income districts than if their "true" valuations were used in the calculations. For example, while the formula amount was $3,851 in FY 1999, the usage of the income factor adjustment caused the state to provide less than $3,851 in the base cost funding for students in higher income districts and more than $3,851 for students in lower income districts. In response to *DeRolph I*, the 122nd General Assembly eliminated the income factor adjustment for higher income districts beginning in FY 2000 to ensure an adequate education for students in every district regardless of the district's wealth. Meanwhile, it continued the adjustment (at the 4/15 level) for lower income districts to further increase state aid (above the base cost funding level) to districts where taxpayers have a low ability to pay property taxes.

It is clear that the base cost funding formula requires the state to provide equalized state aid to ensure the same per pupil base cost funding adjusted by CDBF for every student in every district. The property or income wealth of a district has no impact on the district's ability in funding the base cost. The purpose of the income factor adjustment is to distribute additional state aid within the base cost funding program to help lower income districts provide educational services beyond the adequacy level. The budget eliminates the income factor adjustment in the base cost funding formula and moves the personal income wealth consideration into newly established Parity Aid, which provides equalized state aid for local education enhancements (see section "Funding Model and Formula for Education Beyond Adequacy" of this analysis for details).

State Base Cost Funding

To determine the amount of state base cost funding for each individual district, the formula first calculates total base cost for a given number of students enrolled in the district. The formula then calculates the district's share (or charge-off), which is a fixed amount of local revenues generated by 23 mills of property tax levies. The difference between a district's total base cost and its charge-off amount is deemed as the state base cost funding by the formula.

State Base Cost Funding = District's Total Base Cost – District's 23 Mill Charge-off

Total statewide base cost for the 612 school districts is projected at approximately $17.5 billion over the biennium. The biennial local share is approximately $9.0 billion. The state base cost funding (excluding any guarantee) amounts to approximately $8.5 billion over the biennium.

Since the formula requires the state to provide funding to make up the difference between the total base cost and the 23 mill charge-off for every district, it effectively guarantees the same per pupil base cost funding with the CDBF adjustment from the combination of state and local revenues at 23 mills for all Ohio school children. The same 23 mill property tax levies generate more local revenues in high property wealth districts than they do in low property wealth districts. However, the formula requires the state to provide more base cost funding for low wealth districts. In other words, the state share percentage of the base cost funding is higher for a low wealth district than that for a high wealth district.

"Marginal" Students vs. State Share Percentage (Average Per Pupil Base Cost Funding)

While the average per pupil base cost funding is a widely used statistic indicating the state share percentage of the base cost funding for an individual school district, the base cost funding formula itself does not operate based on the average per pupil base cost funding. A district's total property value does not depend on the number of students in the district. The district's formula share is a fixed amount of revenues generated by 23 mills of local property tax levies. When adding or subtracting students from the formula, the vast majority of districts will gain or lose the full formula amount with the CDBF adjustment, instead of average per pupil base cost funding, for every student being added into or subtracted from the formula ADM. These students are commonly referred to as "marginal" students.

To determine the state base cost funding for a school district in a given year, the formula first looks at how many students can be supported by the fixed amount of local charge-off revenues (or the break-even ADM number). If the number of students for a district is less than the number of students supported by the 23 mills (the district is very wealthy and above the formula equalization level), the district is not eligible for any state aid from the formula calculation alone since the total base cost for the district is equal to or less than the 23 mill charge-off amount. For every marginal student above the break-even ADM number, the formula requires the state to pay the full formula amount with the CDBF adjustment for the district. Conversely, the district would lose the full formula amount with the CDBF adjustment when it loses a "marginal" student.

The state share percentage (or average per pupil base cost funding) is an end result of the formula. The base cost funding formula does not operate based on each district's state share percentage. Rather, it produces a state share percentage for a given number of students. The district's state share percentage (or average per pupil base cost funding) changes when students are added into or subtracted from the formula because the total base cost funding amount changes.

The State Share Percentage of the Base Cost Funding (excluding guarantee)

The base cost funding formula produces an equalized state share percentage (excluding guarantee) of the base cost funding for every district. This percentage is then used to equalize additional state funding for various adjustments to the base cost funding, such as special education, career-technical education, and pupil transportation (beginning in FY 2003). In FY 2002, the estimated state share percentage ranges from zero percent for 21 districts with above the formula equalization wealth levels to approximately 93.8 percent for the district with the lowest charge-off valuation per pupil in the state. The average state share percentage is 48.4 percent. However, the median state share percentage is 56.3 percent in the same year. In other words, about 306 districts receive more than 56 percent of their base cost funding from the state. Also, approximately 374 school districts (or 61.1 percent of all districts) receive more than 50 percent of their base cost funding from the state.

Public Utility Property Assessment Rate Reduction – S.B. 3 and S.B. 287 of the 123rd General Assembly

S.B. 3 and S.B. 287 of the 123rd General Assembly, among other things, reduce the tangible personal property assessment rates to 25 percent for all non-transmission and non-distribution of both for profits and rural electrics and natural gas. Before these changes, public utility property was assessed at rates from 50 percent, 88 percent, to 100 percent of true value. These tax changes first apply to tax year 2001. Thus, they will affect the property tax revenues to school districts and other local government beginning in calendar year 2002 and will affect state foundation payments to school districts beginning in FY 2003. S.B. 3 and S.B. 287 also establish excise taxes on usage of electricity and distribution of natural gas to provide replacement revenues for all taxing districts for at least five years equal to their tax value losses as determined by the Department of Taxation. (The revenue replacement for a bond levy would last for the duration of the levy.)

The school district replacement mechanism is tied in with the school foundation formulas. A decrease in a district's taxable value will increase the amount of state aid paid to the district under the formulas. In recognition of this formula effect, S.B. 3 and S.B. 287 divide school district replacement revenues into two parts: GRF for state foundation aid and non-GRF for direct school district property tax replacement. In other words, school districts are to be compensated for their tax value losses in the first 23 mills from the state foundation formulas. Any millages above the foundation program are to be paid from non-GRF School District Property Tax Replacement Fund (Fund 053). On average, school districts levy 45 mills in public utility tangible taxes.

According to the Department of Taxation, tax value loss as a result of S.B. 3 and S.B. 287 totals approximately $4.4 billion. The estimated per pupil tax value loss ranges from $152 to $129,260 with an average of $2,622 per pupil or approximately two percent of value on average. Tax value losses affect all but one district. (One district actually gains taxable value due to S.B. 3 and S.B. 287.) Based on the current available data, school districts will receive approximately $91.5 million in additional state foundation aid in FY 2003 for their tax value loss due to changes made by S.B. 3 and S.B. 287. In addition, the budget provides $102.0 million in FY 2002 and $115.9 million in FY 2003 in state special revenue funds for school district property tax replacements (item 200-900). On average, school districts will receive approximately $68 per pupil per year in non-GRF school district property tax replacement aid.

Equity Aid Phased-Out

Equity aid was first created in FY 1993 against the backdrop of the *DeRolph* case to target more state aid to low wealth districts. At the peak of equity aid (FY 1998), it equalized an additional 13 mills (above 23 mills) to the 48th percentile district's wealth level with no additional local effort requirement. A total of 292 low wealth districts received $109.4 million in equity aid in FY 1998; the poorest district in the state received more than $700 in per pupil equity aid. The 122nd General Assembly began to phase-out equity aid with the commitment of bringing every district to the same adequate education level. Under H.B. 282 of the 123rd General Assembly, the 117 lowest wealth districts would be eligible for equity aid at 9 mills in FY 2002. There would be no equity aid beginning in FY 2003.

The 124th General Assembly recognizes the importance of equalizing local enhancement revenues in order to narrow overall spending disparities among school districts. To this end, the budget establishes a better defined Parity Aid model to fund education enhancements (see section "Funding Model and Formula for Education Beyond Adequacy" of this analysis for details). The budget also slows the phase-out of equity aid in recognition of the parity aid phase-in. From FY 2002 to FY 2005, every year the 117 lowest wealth districts will be eligible for equity aid at 9 mills, but at the 100, 75, 50, and 25 percent levels, respectively (see Table 5).

Table 5: Equity Aid =

(Threshold valuation per pupil – District's valuation per pupil) x 9 mills x Formula ADM x State Payment %

Threshold = The 118th lowest wealth district's valuation per pupil

State payment % = 100% - FY 2002; 75% - FY 2003; 50% - FY 2004; 25% - FY 2005.

The budget appropriates $23.5 million in FY 2002 and $20.0 million in FY 2003 for equity aid. If the General Assembly were to follow the original phase-out schedule, there would be no equity aid in FY 2003. In other words, the budget provides an additional $20.0 million in equity aid. Under the budget, equity aid will be completely phased out beginning in FY 2006 while parity aid will be fully implemented in the same year.

Additional Funding for Special Education

Special Education Weight Cost Funding. The budget establishes a new six-weight system to provide additional funding for special education. In addition to the base cost funding, special education students are grouped into six categories and assigned additional weights to reflect higher costs of special education services. The state share of the special education weight cost funding is equalized based on each district's share percentage of the base cost funding (see Table 6a).

Table 6a: State Special Education Weight Funding =
Total Special Education Weights x Formula Amount x District's State Share % x State Payment %
State Payment % - 82.5% in FY 2002 and 87.5% in FY 2003.

In FY 2001, there were about 201,643 special education students, representing 11.8 percent of total students in the 612 school districts. Over $600 million in state special education weight funding will be distributed over the biennium.

Speech Service Supplement. The budget also continues to fund the state share of supplemental funding for one speech service personnel for every 2,000 ADM (see Table 6b). The personnel allowance is $30,000 per year. The formula provides approximately $24.7 million over the biennium for speech service supplement.

Table 6b: State Speech Service Funding =
(Formula ADM / 2,000) x $30,000 x District's State Share %

Additional Funding for Career-technical Education

Career-technical Education Weight Cost Funding. Just like special education students, career-technical education students receive additional funding above the base cost funding. The additional weight is 0.57 for a career-technical FTE student enrolled in the workforce development programs and 0.28 for a career-technical FTE student enrolled in all other career-technical education programs. All career-technical education students also receive a 0.05 weight for associated services. The state career-technical education weight funding is also equalized based on each district's state share percentage (see Table 7a). More than

$90 million in career-technical education weight funding will be distributed to the 612 school districts over the biennium. Additional amounts are distributed to the 49 joint vocational school districts for the same purpose (see section "JVSD SF-3 Funding Formula" of this analysis for details).

Table 7a: State Career-technical Education Weight Funding =
Total Career-technical Education Student Weights x Formula Amount x District's State Share %

It should be noted that the funding for associated services will eventually be transferred to lead career-technical education planning districts that actually provide these services. The same weights also apply to students enrolled in joint vocational school districts.

GRADS Teacher Grants. The budget funds equalized state grants for up to 225 full-time equivalent GRADS (Graduation, Reality, and Dual-role Skills) teachers approved by the department. The grant funds the state share of the personnel allowance of $46,260 per GRADS teacher in each year (see Table 7b). Most GRADS teachers are currently employed by joint vocational school districts. The bulk of the estimated biennial $13.0 million in GRADS teacher grants would therefore go to the 49 joint vocational education school districts.

Table 7b: State GRADS Teacher Grant =
$46,260 x Approved GRADS Teacher FTE(s) x District's State Share %

Gifted Unit Funding

The budget continues unit funding for gifted education and increases the number of state funded gifted units from 1,000 in FY 2001 to 1,050 in FY 2002 and to 1,100 in FY 2003. Unit funding is largely unequalized and funds part of gifted education personnel cost based on the following formula:

Table 8: State Gifted Unit Funding =
Approved Unit Numbers x [Salary Allowance + 15% Fringe Benefits + Classroom Allowance ($2,678) + Supplemental Unit Allowance ($5,241)]

Salary allowance is based on the state minimum teacher salary schedule prescribed by law. The classroom allowance has remained steady for many years. The supplemental unit allowance remains at the FY 2001 funding level. Approximately 50 percent of the supplemental unit allowance is equalized based on each district's state share percentage. There is no equalization component for gifted units located in educational service centers. Approximately 20 percent of gifted units are currently located in the educational service centers. The state gifted unit funding will amount to about $80 million over the biennium. The unit reimbursement value will largely remain at the FY 2001 level of approximately $36,850 in each year.

Disadvantaged Pupil Impact Aid (DPIA)

The budget adopts a new poverty indicator for the DPIA program beginning in FY 2004 – the earliest possible schedule for using the new indicator based on the recommendations of the Legislative Office of Education Oversight. Instead of using the single measure of the number of children whose families participate in Ohio Works First (OWF), the new indicator will use the unduplicated count of children whose families are enrolled in four state welfare programs, including OWF. Based on LOEO research, the new indicator is likely to increase DPIA eligible students by about 27 percent. The state DPIA funding is likely to increase by approximately 11 percent as a result. Because significant assumptions were made in order to complete the estimates, these results should be viewed as fairly tentative estimates.

Meanwhile, the budget continues to use OWF student counts as the poverty indicator for the FY 2002-FY 2003 biennium. Funding is distributed based on the DPIA index, which compares each district's OWF student percentage to the statewide average OWF student percentage. When a district's OWF student count and the statewide OWF student count decrease at the same time, the district's index count could remain unchanged or could change by a smaller magnitude. The program funding stability increases as a result of tying a district's funding level to the index.

All-day and Every Day Kindergarten Funding. School districts with a DPIA index greater than or equal to one or with a three-year average formula ADM of at least 17,500 are eligible for all-day and every day kindergarten funding. The appropriation generally assumes eligible districts will provide this service to all of their kindergarten students in order to make the maximum amount of funding available for the program. However, the actual funding amount is based on each district's percentage of kindergarten students that actually receive this service as follows:

Table 9: All-day and Every Day Kindergarten Funding =
Kindergarten ADM x 50% x Formula amount x Actual all-day kindergarten percentage
(The other 50 percent of kindergarten ADM is included in formula ADM to qualify for the base cost funding)

The change in a district's DPIA index from slightly above one to slightly below one or vice versa could have a significant impact on the district's all-day kindergarten funding. The budget guarantees school districts that actually provided all-day kindergarten in the previous year will continue to be eligible for this funding in the next year regardless of their index numbers.

The budget provides $220.8 million over the biennium for eligible districts to provide this service. In FY 2001, $96.8 million was allocated to fully fund all-day kindergarten in all 106 eligible districts and $87.5 million (or 90.4 percent) was distributed to 99 districts that actually provided this service. The other seven eligible districts did not receive funding due to the lack of all-day and every day kindergarten service.

K-3 Class Size Reduction. School districts with a DPIA index of greater than or equal to 0.6 are eligible for funding to reduce K-3 pupil/teacher ratios ranging from 23:1 to 15:1 depending on districts' poverty levels. Districts with a DPIA index greater than or equal to 2.5 will receive funding to reduce ratios to

15:1. Districts with a DPIA index greater than or equal to 0.6, but less than 2.5, will receive funding based on a sliding scale to reduce pupil/teacher ratios ranging from 23:1 down to 15:1.

The formula assumes that every eligible district currently has a student to teacher ratio of 23:1. Then, the formula identifies how many additional teachers would be needed to reduce an eligible district's ratio down to 15:1 according to a sliding scale based on its poverty level and provides funding for the district to hire new teachers. The cost of hiring a new teacher is set at $42,469 in FY 2002 and $43,658 in FY 2003. An estimated $226.2 million is provided over the biennium to fund K-3 class size reduction in approximately 165 eligible school districts.

Safety and Remediation Measures. School districts with a DPIA index greater than or equal to 0.35 are eligible for funding for any safety measures and remediation programs districts elect to implement at approximately $230 per ADC/OWF student. The $230 per pupil subsidy amount is adjusted by a district's DPIA index if the district's index is greater than one. For example, for a district with an index of two, per ADC/OWF student subsidy amount is $460 ($230 x 2). For a district with an index of 2.5, per ADC/OWF student subsidy amount is $690 ($230 x 2.5). An estimated $184.2 million is provided over the biennium for safety and remediation measures.

It should be noted that the amount of state DPIA funding is driven by the formula calculations. Based on the current estimate, the program will provide approximately $699.9 million over the biennium to districts with certain levels of poverty. Of this amount, approximately $460.1 million (65.7 percent) goes to the Big 8 urban districts.

Pupil Transportation

Multiple Regression Model. To promote efficiency, the budget continues to use a regression model to distribute the bulk of funding for regular pupil transportation. The model is based on a statewide analysis of each district's daily bus mileage per ADM and pupil transported percentage. The FY 2000 data analysis yields a simple algebraic equation that can be used to predict the expected transportation cost per ADM for each district as follows:

Cost per ADM = 67.710558 + (165.825598 x Daily Miles per Total ADM) + (124.670680 x Transported Pupil %)

Under the H.B. 650 schedule, the state reimbursement rate is 57.5 percent of each district's predicted cost in FY 2002 and 60 percent beginning in FY 2003. The budget increases the reimbursement rate in FY 2003 to the greater of 60 percent or the district's state share percentage of the base cost funding. This provision significantly benefits low wealth districts with a high intensity of transportation service need. It provides an additional $10.7 million in state funding to about 248 school districts with state share percentages higher than 60 percent.

Rough Road Supplement. The budget continues the rough road subsidy to provide additional supplemental funding to sparse rural districts in counties with high rough road percentages for their higher pupil transportation costs. To be eligible for this supplement, a district must have a below statewide average pupil density (number of students per square mile) and a higher than the statewide average rough road percentage. The maximum rough road subsidy is $0.75 per mile. Based on the current estimates, 111 districts will receive approximately $3.3 million each year in rough road supplemental funding.

It should be noted that the regression model only includes funding for two main types of pupil transportation methods: board-owned and operated school buses (type one) and contractor-owned and operated school buses (type two). A small percentage of regular students are transported by four other methods. Payments for types three through six continue to be made pursuant to the rules established by the State Board of Education. It is estimated that the state funding for regular pupil transportation will amount to approximately $598.2 million over the biennium.

The budget also provides funding for special education pupil transportation. This funding was significantly improved beginning in FY 2000. The state reimbursement rate is now the same as that for regular pupil transportation, i.e., 57.5 percent in FY 2002 and the greater of 60 percent or the state share percentage of the base cost funding beginning in FY 2003. However, the state reimbursement for special education transportation has historically been based on actual expenditures reported by school districts and is made outside the foundation SF-3 formula. It is estimated that the state funding for special education pupil transportation will amount to approximately $98.4 million over the biennium.

Excess Cost Supplement – New

The budget establishes a new excess cost supplement in FY 2003 to limit local formula share of special education, career-technical education, and pupil transportation model costs to a maximum of three mills of local property tax levies. If a school district's local share of model costs for these three items exceeds three mills, the state will pay for the amount above three mills. If the district's local share is less than three mills, it will not be affected by this provision.

The local share of special and career-technical education is already equalized based on a district's state share percentage of the base cost funding. For a given service need, the local required share would result in the same number of mills. However, the need for these services can vary greatly from one district to another, especially for certain individual districts. Therefore, the local share of these items could require different levels of local property tax levies. For example, the estimated local share for transportation as well as special and career-technical education model costs ranged from less than one mill to more than seven mills with a statewide average of three mills in FY 2001.

By establishing the excess cost supplement, the budget effectively puts a cap on the maximum required local contribution (26 mills) on funding the model cost of an adequate education. It provides an estimated $31.1 million in state funding to over 40 percent of school districts in FY 2003. Per pupil benefit ranges from less than $10 in some districts to more than $300 in a few districts with an average of $48 for all eligible districts.

Table 10 shows examples of estimated excess cost supplement payments for five districts. It can be seen from the table that a required higher local millage rate is primarily due to a higher need for these services. The excess cost supplement intends to ensure school districts will not be overburdened by the local share of the formula costs for these items. It will allow school districts (especially those low wealth districts) that make a greater effort to enhance their education services to have more local revenues available for their local enhancement purposes. The higher need for transportation service generally concentrates on rural southeastern Ohio school districts. The higher need for special education services, however, also affects many medium and even a few high wealth suburban districts.

Table 10: Examples of Excess Cost Supplement			
Charge-off Value Per Pupil	Per Pupil Revenue @ 3 Mills	Per Pupil Formula Share	Per Pupil Excess Cost Supplement
$34,062	$102.2 ($34,062 x 0.003)	$221.3	$119.1 ($221.3 - $102.2)
$55,542	$166.6 ($55,542 x 0.003)	$209.4	$42.8 ($209.4 - $166.6)
$114,687	$344.1 ($114,687 x 0.003)	$391.2	$47.2 ($391.2 - $344.1)
$130,414	$391.2 ($130,414 x 0.003)	$477.7	$86.5 ($477.7 - $391.2)
$188,011	$564.0 ($188,011 x 0.003)	$629.9	$65.8 ($629.9 - $564.0)

The SF-3 Funding Guarantee

The guarantee provision provides more state aid than the amounts determined by the formula to eligible districts. School districts are guaranteed to receive their FY 1998 fundamental aid (SF-3 minus transportation funding) amounts. An estimated $83.1 million is provided over the biennium to eligible districts because of the FY 1998 fundamental aid guarantee provision. The guarantee amount has been declining in recent years largely due to the rapid state aid increases. In the FY 2000-FY 2001 biennium, the FY 1998 fundamental aid guarantee amounted to $133.2 million.

Charge-off Supplement (Gap Aid) Expansion

One of the most significant but least understood new features in H.B. 650 of the 122nd General Assembly is the charge-off supplement (more commonly know as gap aid) provision. Gap aid previously filled any missing local revenues for every district's formula share of the base cost funding as well as special and career-technical education weight costs. It assures every district has the full amount of state and local revenues to fund the cost of these items. It also effectively ensures the local share of the base cost funding as well as special and career-technical education weight cost funding does not depend on the locally voted property tax system.

The budget extends gap aid to include the local share of transportation model cost and provides $69.6 million over the biennium for the program. Due to the establishment of the excess cost supplement and a higher pupil transportation reimbursement rate, the need for gap aid declines in FY 2003. Gap aid is now calculated as follows:

Table 11: Gap Aid =
+ Local share of the base cost funding (23 mill charge-off)
+ Local share of special education weight cost funding
+ Local share of career-technical education weight cost funding
+ Local share of transportation model cost funding
- Excess cost supplement
- Total local operating revenues (including property taxes and school district income taxes)

Including the local share of transportation model cost funding in gap aid calculations may seem to be subtle, but it has significant implications. It is clear that the gap aid formula requires the state to fill any missing local revenue to ensure every district has sufficient local revenue to meet its total local share of an adequate education model cost assigned by the formulas. Some districts do not have the equivalent of up to 26 effective mills to meet its local share requirement due either to the H.B. 920 reduction factor or that districts simply do not levy these mills. However, the state provides supplemental funding to fill the gap. Therefore, the local share of an adequate education model cost is guaranteed for every district and is not dependent on the locally voted property tax system. Gap aid eliminates "Type I" phantom revenue, as recognized by *DeRolph II*, which results from the fact some districts may not have sufficient millage to meet the required local share under the formulas. It effectively guarantees every district receives both state and local shares of the adequate education model costs and therefore ensures funding for education adequacy for every district.

It should be noted that the cost of gap aid and the excess cost are somewhat interdependent. For example, if two districts both have the same total formula local share of 27 mills (23 mills for the base cost funding and 4 mills for special education, vocational education, and pupil transportation), District 1 has an amount of local operating revenue equal to 22 mills of property tax levies and District 2 has 26 mills. District 1 would receive an amount of state subsidy equal to one mill (4 mills – 3 mills) of levy from the excess cost supplement and the equivalent of 4 mills (26 mills – 22 mills) of levies from gap aid. District 2 would be eligible for an equivalent of one mill (4 mills – 3 mills) of levy from the excess cost supplement. If there were no excess cost supplement, District 1 would receive an amount of state subsidy equal to 5 mills (27 mills – 22 mills) of levies from gap aid. District 2 would also be eligible for the equivalent of 1 mill (27 mills – 26 mills) of levy from gap aid.

JVSD SF-3 Funding Formulas

The 49 joint vocational school districts serve approximately 35,000 career-technical education students from their 495 associate districts. They are funded through separate SF-3 formulas that are parallel to the ones used to fund the 612 school districts. The JVSD SF-3 funding formulas also include the base cost funding, special education weight, speech service supplement, career-technical education weight, and GRADS teacher grants. Joint vocational school districts are guaranteed to receive at least their FY 1999 funding amounts.

The charge-off millage rate for the JVSD base cost funding formula is 0.5 mills. The estimated state share percentage of the base cost funding ranges from zero percent to almost 90 percent with an average of 66 percent in FY 2002. Forty-one out of the 49 JVSDs will receive more than 50 percent of the base cost funding from the state. Two are above the formula equalization level with a zero percent state share percentage and state share percentages for the remaining six districts range from 13 to 46 percent.

The state funding for career-technical and special education for JVSDs is also equalized based on an individual district's state share percentage. It is estimated that the JVSD SF-3 funding will amount to more than $383 million over the biennium.

Summary

As indicated earlier, the cost of an adequate education for an individual school district does not depend on the property or income wealth of the district. Rather, it depends on a model that takes into account the characteristics of the district and its students. The model produces similar amounts of total costs of an adequate education for two districts with similar circumstances. Meanwhile, a school district with a higher need (for example, a higher concentration of poverty or special education students) will have a higher per pupil cost under the model.

Once the model cost of an adequate education is determined, various foundation SF-3 formulas are used to determine an equitable state and local share of the adequate education cost. These formulas ensure every district receives sufficient state and local revenues to fund the model cost of an adequate education. There are little disparities in the adequate education level (see Chart 3).

Chart 3: State & Local Share of Per Pupil Adequacy Cost by Wealth Based Quartile, FY 2002

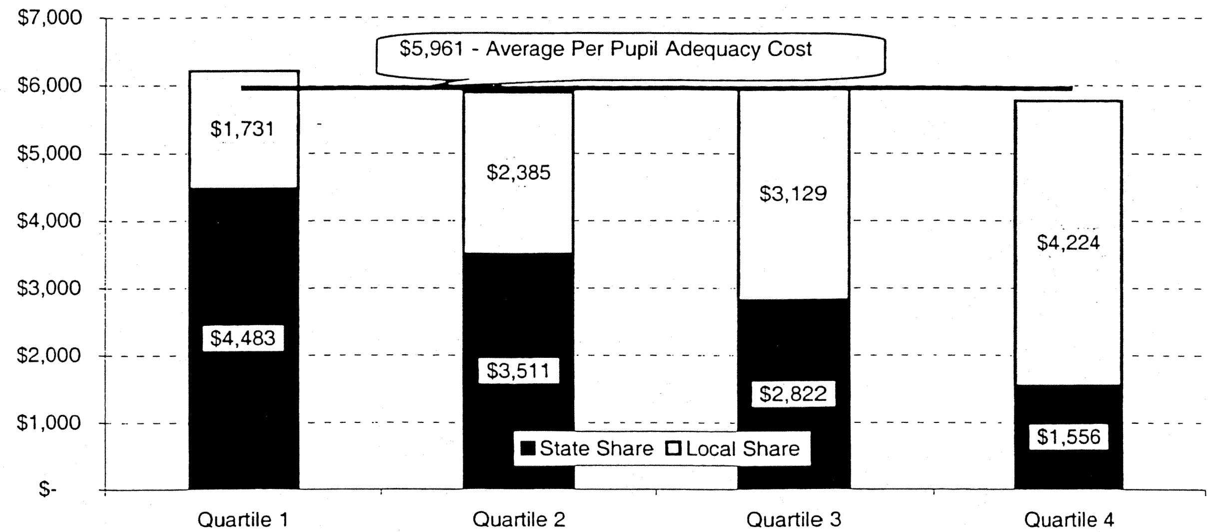
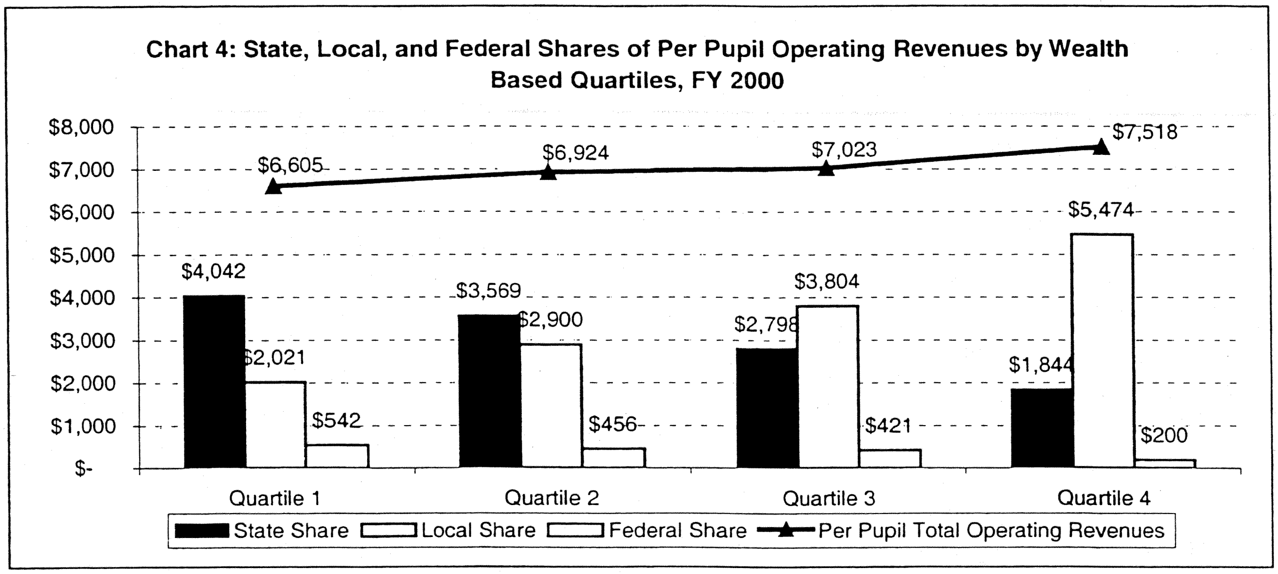


Chart 3 groups the 612 school districts into quartiles based on property wealth with Quartile 1 having the lowest average per pupil recognized valuation and Quartile 4 having the highest average per pupil recognized valuation. Each quartile includes approximately 25 percent of total students statewide. It can be seen from the chart that per pupil adequacy cost has no relationship with a district's property or income wealth. While Quartile 1 has the lowest property wealth in the state, its per pupil adequacy cost is actually slightly higher than the other three quartiles and is also higher than the state average. This is due to the fact that Quartile 1 districts tend to have a higher need (poverty, transportation, special education, etc.). Overall, all four quartiles have similar amounts of per pupil adequacy cost under the model ($6,214, $5,896, $5,951, and $5,780, respectively). Small differences are legitimate due to differences in characteristics of students and school districts in each quartile. They are not due to the wealth level of each quartile.

Various components of foundation SF-3 formulas are used to provide equalized state aid to neutralize the impact of property wealth on districts' abilities in funding the model cost of an adequate education. The state share percentages of an adequate education for quartiles 1 to 4 are 72.1, 59.5, 47.4, and 26.9 percent, respectively. With combined state and local revenues, each district is guaranteed funding for the model cost of an adequate education. The model and its funding formulas effectively guarantee an adequate education for every school district in the state. Therefore, there are no disparities in the adequacy education level.



FUNDING MODEL AND FORMULA FOR EDUCATION BEYOND ADEQUACY – PARITY AID

Where Are The Disparities?

There are no disparities in the adequate education level as indicated earlier. Then, where are the disparities? As shown in Chart 4, spending above the adequacy level is the origin of disparities. In Chart 4, school districts are grouped based on the same method used in Chart 3. While there is little difference in the four quartiles in Chart 3, in Chart 4 the average amount of per pupil total revenues available for Quartile 4 districts is more than $900 higher than that for Quartile 1 districts. Quartile 4 districts on average raise more than $3,400 per pupil in local revenues to support their higher spending. (Lower state and federal revenues reduce the total revenue advantage to the net level of $900.)

Under Ohio's school funding system, there is no limit on the amount of additional taxes local residents can approve for their schools. The state foundation program equalizes approximately 72 percent of local operating revenues and the other 28 percent (about $1.9 billion in FY 2002) is available for local school districts to provide education services beyond adequacy. The 25 percent of students in the wealthiest districts (about 20 percent of all districts) have a disproportionate share of local enhancement revenues. Without a major property tax reform or increasing the foundation program charge-off millage rate, the state would have to somewhat equalize spending above adequacy if it wishes to narrow disparities in local enhancement revenues.

Funding Model for Education beyond Adequacy – Parity Aid

The budget establishes parity aid to address disparities in local enhancement revenues. Parity aid equalizes an additional 9.5 mills (above the adequacy level) to the 80th percentile district's wealth level. The parity aid wealth is a weighted average of property wealth (2/3) and income wealth (1/3). The property wealth is measured by per pupil property valuation and the income wealth is measured by the federal adjusted gross income per pupil. These weights generally reflect the recognition of the main local revenue source (property taxes) and the importance of income wealth in determining a district's ability to raise local enhancement revenues above the adequacy level. The combination of property wealth and income wealth also provides a better local capacity measure than property wealth or income wealth alone does.

The millage rate for parity aid is based on the average local enhancement mills school districts with wealth levels between the 70th and 90th percentiles had in FY 2001. The General Assembly is required to update the parity aid millage rate every time the base cost is updated. The use of the 80th percentile as the threshold helps reduce disparities in local spending above the adequacy level. As demonstrated in Chart 4, the wealthiest 20 percent of school districts (Quartile 4, including about 25 percent of total students) consistently have much higher per pupil revenues than the other 80 percent of school districts (quartiles 1 to 3, including about 75 percent of total students). Local property taxes are the primary factor behind the higher spending for the top 20 percent of school districts. Providing equalized parity aid to school districts below the 80th percentile level will help reduce this gap.

Alternatively, certain districts are eligible for parity aid at the FY 2001 income factor adjustment level. As indicated earlier, the budget eliminates the previous income factor adjustment in the base cost funding formula since the purpose of the adjustment is to provide state funding for education enhancement services. The budget provides alternative parity aid to continue the income factor adjustment benefit at the FY 2001 level for certain school districts. Specifically, school districts with a cost of doing business factor greater than 1.0375 and a DPIA index of greater than one are eligible for alternative parity aid.

Funding Formulas for Parity Aid

Parity aid is to be evenly phased-in over a five-year period. An individual school district's parity aid is calculated as follows:

Step 1: Standard Parity Aid = (Threshold Wealth Per Pupil – District's Wealth Per Pupil) x 0.095 x State Payment %

0.095 = 9.5 mills
Threshold = The 490th Lowest Wealth District's Wealth Per Pupil
State Payment % = 20% in FY 2002; 40% in FY 2003; 60% in FY 2004; 80% in FY 2005; and 100% beginning in FY 2006

Step 2: Alternative Parity Aid = $60,000 x (1 – District's Income Factor) x 4/15 x 0.023 x State Payment %

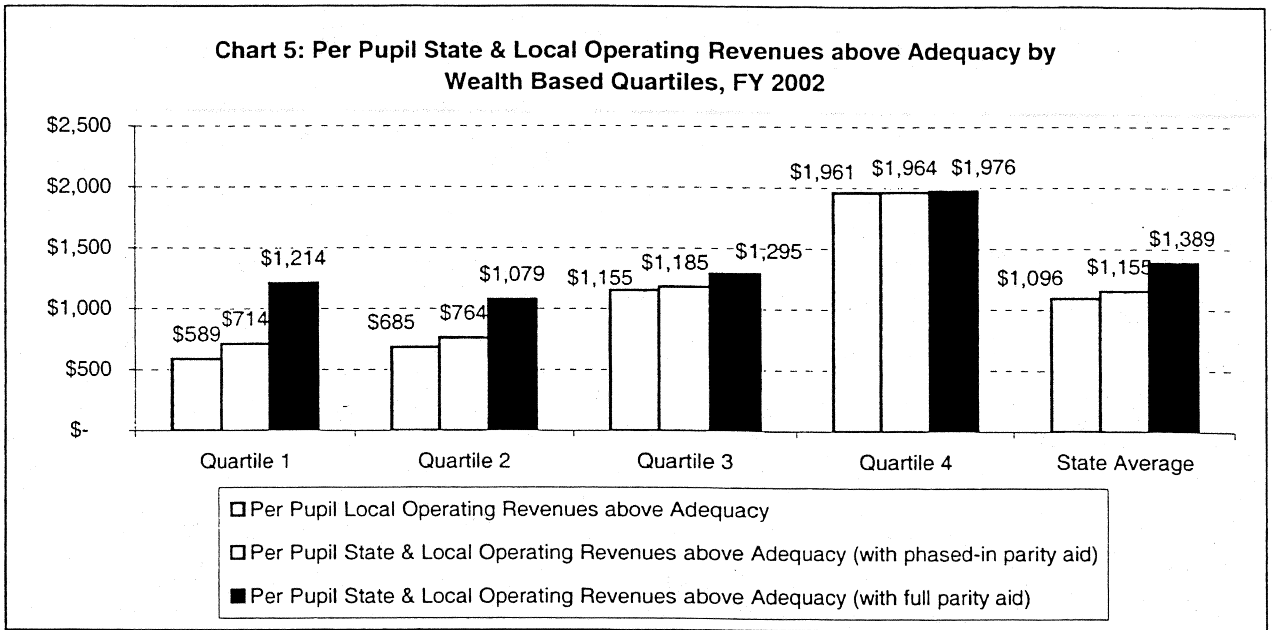
State Payment % = 50% in FY 2002 and 100% beginning in FY 2003

Step 3: Total Parity Aid = The Greater of Step 1 or Step 2 x Formula ADM

Overall, about 492 school districts are eligible for parity aid. The vast majority of these districts will receive standard parity aid. The estimated threshold wealth is $137,699 in FY 2002 and $142,894 in FY 2003 based on the current available data. The budget provides $310.1 million in parity aid over the biennium. If parity aid were fully implemented in FY 2002, it would provide approximately $494.3 million in state funding for education enhancement services for school districts. Per pupil benefit would range from $987 to less than $10 with an average of $378 per pupil.

Effect of Parity Aid

As indicated earlier, one of the main goals for parity aid is to equalize local spending beyond the adequate education foundation program among school districts. Chart 5 shows the effect of parity aid in equalizing local enhancement spending in FY 2002 under phased-in parity aid and assumed full implementation of parity aid. These school district quartiles are constructed in the same manner as those shown in Chart 3 and Chart 4. Each quartile includes approximately 25 percent of total students statewide. Quartile 1



districts have the lowest average valuation per pupil and Quartile 4 districts have the highest average valuation per pupil. The chart only includes local property taxes and school district income taxes for operating expenses beyond the adequate education funding level. It does not include federal funds as well as some other state and local funding for education enhancements (such as state grant programs and local permanent improvement levies).

The gray bars in Chart 5 show only local per pupil operating revenues beyond the adequacy level. It varies from $589 per pupil for Quartile 1 to $685 per pupil for Quartile 2, $1,155 per pupil for Quartile 3, and $1,961 for Quartile 4. Quartile 3 has almost twice and Quartile 4 has more than three times the amount of per pupil enhancement revenues available as Quartile 1. With phase-in parity aid, per pupil state and local operating revenues (the white bars) are $714, $764, $1,185, and $1,964 for quartiles 1 to 4, respectively. Obviously, the local enhancement revenue variance has been narrowed as a result of equalized state parity aid.

The black bars in Chart 5 show per pupil state and local operating revenues beyond the adequacy level assuming a full implementation (no phase-in) of parity aid in FY 2002. It is quite clear that parity aid will significantly reduce disparities in local enhancement revenues once it is fully implemented. Under full parity aid, per pupil local enhancement revenues for quartiles 1 to 4 would be $1,214, $1,079, $1,295, and $1,976, respectively. There would be very little differences in the amounts of available enhancement revenues for the lowest 3 quartiles of school districts.

PHANTOM REVENUE

Types of Phantom Revenue

DeRolph II cited the existence of three types of phantom revenues. "Type III" phantom revenue is referring to the previous application of the income factor to adjust valuation upward in the formula for districts with an income factor above one. This adjustment was completely eliminated by the 122nd General Assembly and this policy remains unchanged under the budget.

"Type I," or formula phantom revenue, is referring to the difference between the formula local share and the amount of revenues a district actually collects. The origin of Type I phantom revenue is the interaction of the current charge-off method and the H.B. 920 tax policy against the backdrop of the existence of unequal charge-off and H.B. 920 floor guarantee millage rates. School districts are required to levy at least 20 mills (qualifying millage rate) to qualify for receiving the foundation payments from the state. Before FY 1994, the first year in which the charge-off was increased, the charge-off, qualifying, and H.B. 920 floor guarantee millage rates were the same at 20 mills. There existed no formula phantom revenue problem. This problem arises when the charge-off millage rate is not equal to the H.B. 920 floor guarantee rate. However, with the expansion of gap aid, Type I phantom revenue has been completely eliminated again under the budget because transportation is included in gap aid.

"Type II" phantom revenue is referring to reappraisal phantom revenue as a result of H.B. 920. The budget has not completely addressed reappraisal phantom revenue. However, there appears to be no fair and rational proposal to completely address reappraisal phantom revenue within the education formula. H.B. 920 is a complex tax policy designed to protect homeowners from rapid increases in property taxes following a reappraisal or an update. It affects not only school districts but also other local government entities and all individual taxpayers of the state. Meanwhile, reappraisal phantom revenue does not have an impact on funding for an adequate education. The recognized valuation provision and parity aid partially address the impact of H.B. 920 on school districts' local enhancement revenues. Due to the complexity of H.B. 920, the debate on the H.B. 920 impact should occur in the context of the state's overall tax policy.

H.B. 920 and Reappraisal Phantom Revenue

What is H.B. 920?

As a tax policy, H.B. 920 restrains the revenue growth in existing (carryover) real property, resulting in so-called reappraisal phantom revenue. Limiting the tax revenue growth in real property has been a constant in Ohio. In 1976, H.B. 920 replaced the previous millage rollback system that had existed since World War I. (The millage rollback system restrained the revenue growth in all property and benefited tangible property, too.)

While H.B. 920 started out as a law (hence the name), it is now firmly placed in the Ohio Constitution as Article XII, Section 2a. There are other provisions on property tax in Article XII, Section 2 and elsewhere. These provisions form a complex web of provisions which limit significant changes to property tax law. Discussion of these many provisions is beyond the scope of this report. Suffice it to say that the main ways to blunt the effects of H.B. 920 all involve complex constitutional issues. The main ways include increasing the number of "inside" mills and increasing the 20 mill floor for H.B. 920. While it is clear that the legislature can increase the H.B. 920 floor, the mechanism of how this can be accomplished without significant and immediate property tax increases is not clear. Increasing the number of inside mills is arguably constitutional, but any law attempting to do so will undoubtedly be reviewed by the Supreme Court before it is implemented. This makes possible policy changes uncertain and the timing for the change unknown. Given the revenue involved, certainly no change could be made that would jeopardize the current flow of property tax revenue.

It should be noted that not all property tax levies are subject to the H.B. 920 reduction factor. Emergency and debt service levies produce a fixed dollar amount while levies on new construction and tangible personal property grow when valuation increases. Revenue from inside mills, which are on average about 5 mills for school districts, also grows when valuation increases. Meanwhile, H.B. 920 also prevents the Class I effective rate and Class II effective rate from dropping below 20 mills, i.e., the so-called H.B. 920 floor guarantee. School districts that are at the Class I floor and/or Class II floor benefit from the full tax growth along with the growth in real property value. In FY 1999, there were just over 250 districts at the "floor" for Class I, Class II, or both. (Many of these districts also have a school district income tax or emergency mills so their operating mills are actually well above 20 mills.) Contrary to the picture given of no property tax growth, these measures allow typical annual growth of nearly three percent without new levies.

What is the Fundamental Policy Impact of H.B. 920 on Education?

It is LSC's view that it is likely that property tax revenue would be much the same today without H.B. 920 or another tax limiting mechanism over the last 20 years. However, the path traveled to reach today's point would have been much different. There would have been far fewer levy votes and perhaps a different distribution of revenue. LSC's analysis indicates that property tax revenue grew by 7.06 percent per year over the last 20 years (1975-1995). The growth has matched the personal income growth (7.03 percent per year) during the same period. While this would be a fairly realistic outcome without any property tax limitation, some claim that property tax revenue would be much higher without H.B. 920 – as high as current gross millage rates. Assuming the same gross millage rates, total property taxes paid by Ohioans would have risen from $5.60 billion to $8.08 billion in 1995 (excluding the rollbacks) if not for H.B. 920. For this to happen, property tax revenue growth would have had to exceed personal income growth by 2.01 percent every year on an annual basis since 1975. This is clearly not a realistic assumption.

The fundamental policy impact of H.B. 920 on education is the role of school district superintendents, principals, and some other administrators. H.B. 920 requires superintendents, school board members, and some other school administrators to lead levy campaigns more frequently than would a system with no limitation on the growth of local property taxes. (Most districts at the 20 mill floor also have many levy campaigns because the emergency levies that many districts use have a maximum length of five years.) Should these school officials' primary role be educators or leaders of levy campaigns? But the other side of the coin is whether there would be sufficient communications between school districts and taxpayers without the recurring levy campaigns caused by H.B. 920. As a public policy making body, the General Assembly may wish to debate on the issue in the context of the state's overall tax policy.

What is the Fiscal Impact of H.B. 920?

The fiscal impact of H.B. 920 has been that a school district often has to shift local enhancement revenue that was over and above the local share of the adequate education model cost funding before reappraisal/update to meet the local formula share requirement after reappraisal/update, resulting in so-called reappraisal phantom revenue. This is due to the fact that the revenue growth from carryover real property as a result of reappraisal/update is limited by H.B. 920. However, the 23 mill charge-off formula assumes the full revenue growth in carryover real property (or recognized value) over a brief three-year phase-in period. There is no phantom revenue in the first 23 effective mills, but H.B. 920 often forces a school district to pass additional levies to make up the local enhancement revenue that was shifted to meet its local share of the adequate education model cost due to reappraisal/update. Said differently, H.B. 920 decreases the effective millage rate of the district. To keep the same effective millage rate (and thus the same enhancement revenue), the district must pass additional mills.

Reappraisal phantom revenue is a result of any system that limits the tax revenue growth in real property relative to valuation growth. As long as there is a tax revenue growth limitation mechanism, school districts will have to pass additional levies to keep previously available local enhancement revenue dollars growing with inflation. Reappraisal phantom revenue may have become more apparent under H.B. 920 due to the existence of two tax (voted millage and effective millage) rates and the property tax credit system. Under the previous millage rollback system, there was only one effective rate and this rate was adjusted downward in the reappraisal year. However, in order to maintain the same amount of local enhancement revenue under the old system, school districts also needed to pass additional levies.

One positive benefit to H.B. 920's effects on enhancement revenue is that the general effect appears to be somewhat equalizing on wealthy school districts. School districts that have higher H.B. 920 tax credits tend to have high millage rates, high real property value growth, and a high proportion of real property (especially Class I real property). Districts with lower H.B. 920 tax credits tend to have low real property value, low growth in real property value, and school district income taxes. These characteristics indicate that H.B. 920 tends to pull down the tax rates in wealthy districts more than poor districts. Without H.B. 920, tax rates and revenues in wealthy districts might be even higher than they currently are today.

Provisions that Soften the Impact of H.B. 920 on Local Enhancement Revenues

Recognized Valuation. The recognized valuation provision adopted by the 122nd General Assembly lowers the base cost funding charge-off by approximately $125 million per year. The provision phases in the valuation growth due to reappraisal/update over a three-year period in the base cost funding formula. Compared with the previous charge-off method that utilized total assessed valuation, the recognized valuation provision somewhat softens the impact of reappraisal phantom revenue on local enhancement revenues.

Stabilization of State Share in the Base Cost and Parity Aid. The budget requires the cost of an adequate education to be updated every six years. It limits the variance in the state share percentage in the base cost and parity aid for years between two updates to a 2.5 percent range. The stabilization of the state share percentage softens the H.B. 920 impact on local enhancement revenues. It prevents school districts from having to use a greater share of available local enhancement revenues before reappraisals/updates to meet their required local shares of the adequate education model cost funding after reappraisals/updates.

The state share of the base cost funding and parity aid is 49 percent in FY 2002 – the first update year. This is the target state share percentage for FY 2003 through FY 2007. By stabilizing the state share percentage of the base cost funding, the state share of special and career-technical education additional funding is also stabilized. Disadvantaged Pupil Impact Aid is 100 percent state funded. The state pays the greater of 60 percent or the district's state share percentage of the base cost funding for pupil transportation. It should be noted that the 49 percent state share in FY 2002 only includes the base cost funding and parity aid and excludes the state funding for various adjustments to the base cost. An adequate education cost model includes the base cost, various adjustments to the base cost, and pupil transportation. The average state share of the model cost of an adequate education is approximately 55.8 percent in FY 2002.

Gap Aid. Expanded gap aid also softens the impact of H.B. 920 on local enhancement revenues. Under the budget, gap aid fills any missing required local share (including the base cost, special education, career-technical education, and transportation) of the model cost of an adequate education. It effectively eliminates any formula phantom revenues either due to the H.B. 920 tax reduction factor or due to a district's failure to levy sufficient mills to meet the assigned local share. Therefore, H.B. 920 has no impact on school districts' abilities in providing an adequate education.

Parity Aid. The newly established parity aid further buffers the H.B. 920 impact on local enhancement revenues for school districts in general. Parity aid is equalized based on a school district's wealth per pupil. It particularly lessens the H.B. 920 impact on low property and/or income wealth districts' abilities to enhance education beyond the adequacy level. Parity aid does not require additional local effort. A district's overall effective tax rate may decrease as a result of reappraisal/update, but the district will continue to be eligible for parity aid based on its wealth level. Also, each district's wealth is a weighted average of property wealth (2/3) and income wealth (1/3). The reappraisal/update effect has lesser impact on this weighted wealth measure than it does on a wealth measure based solely on property wealth.

ACADEMIC STANDARDS AND ACCOUNTABILITY REFORM

New Academic Standard and Accountability System – S.B. 1 of the 124th General Assembly

As part of responses to *DeRolph II*, Am. Sub. S.B. 1 of the 124th General Assembly establishes a new academic standard and accountability system for Ohio schools based upon the recommendations of the Governor's Commission for Student Success. It requires the State Board of Education to adopt statewide academic standards and model curricula in reading, writing, math, science, and social studies. It also requires the State Board to develop diagnostic assessments and achievement tests aligned with the academic standards and model curricula. S.B. 1 phases in the development of 15 achievement tests in grades 3, 4, 5, 7, 8, and 10 to replace 20 proficiency tests previously administered in 4th, 6th, 9th, and 12th grades. The five 10th grade achievement tests are named the Ohio Graduation Tests. S.B. 1 also requires school districts to provide intervention services to students who do not attain a "basic" score on any of the achievement tests in 3rd, 4th, 5th, 7th, and 8th grades. It replaces the 4th grade reading guarantee with a new 3rd grade reading guarantee beginning in the 2003-2004 school year.

To judge how well schools are performing under the new academic standards, S.B. 1 extends Ohio's accountability system of academic ratings to individual buildings and adds a new rating of "excellent" for the highest-performing districts and buildings, resulting in five rating categories instead of the former four. Specifically, S.B. 1 requires the State Board to create at least 17 new indicators on an annual basis through 2006 and update these indicators every six years. It specifies the number of indicators a district must meet to achieve each possible rating if the State Board establishes the required minimum of 17 such indicators (see Table 12). For any year in which the number of performance indicators exceeds 17, the State Board must establish the number of indicators a district must meet for each rating in a way that produces a ratio of indicators met to the total number of indicators similar to the ratio produced when the number of indicators is 17.

Table 12: Academic Performance Rating System	
Rating	**Number of Indicators Met**
Excellent	16-17 (or at least 94%)
Effective	13-15 (or at least 76%)
Continuous Improvement	9-12 (or at least 53%)
Academic Watch	6-8 (or at least 35%)
Academic Emergency	0-5 (or less than 35%)

Funding for the New Academic Standard and Accountability System

The budget contains funding for implementing S.B. 1. Because of the volume of work and the number of steps involved, many recommendations will not be completed until the following biennium.

Academic Standards. A new line item, Academic Standards (200-427), is created in the budget to provide funding for strengthening academic content standards. The line item receives approximately $8.5 million in FY 2002 (1,265.1 percent above FY 2001) and $8.7 million in FY 2003 (4.6 percent above FY 2002) to develop new academic standards in all major subjects – English, math, science, and social studies and to communicate expectations to teachers, school districts, parents, and communities.

Student Assessment. Student Assessment (200-437) receives approximately $23.7 million in FY 2002 and $25.9 million in FY 2003, an increase of 65.8 and 9.5 percent, respectively. The increased funding will mainly be used to develop newly established achievement tests and diagnostic tests.

Student Intervention Services. Student Intervention Services (200-513) receives $31.9 million in FY 2002 and $38.3 million in FY 2003, an increase of 10.0 and 20.0 percent, respectively. These funds are used to provide extended learning opportunities for young children most at-risk of not passing the 4th grade reading proficiency test. Funding is targeted for the 340 districts with at least 10 percent of their students below the reading proficient level.

OhioReads. This is Governor Taft's major educational policy initiative that has already attracted 27,000 volunteers as tutors to help improve the reading skill of K-4 students. About 740 elementary schools and 358 community organizations have already received OhioReads grants at an average amount of $54,000, which may be used for teacher professional development in reading, supplies, materials such as books, volunteer training, or technology to support the school's strategic reading improvement plan, etc. The budget provides $32.6 million in each year to continue to provide grants to schools that currently participate in the program and to expand the program to include additional elementary schools.

Reading/Writing Improvement. The newly created Reading/Writing Improvement (200-433), funded at $19.0 million in FY 2002 and $19.2 million in FY 2003, provides funding for summer institutes for reading intervention and various other literacy improvement projects.

OTHER MAJOR INITIATIVES

In addition to funding an adequate education and a new academic standard and accountability system, the budget also provides funding for a variety of other education initiatives.

Funding for Professional Development

Entry-Year Teacher Program. The budget earmarks $5.8 million in FY 2002 and $19.4 million in FY 2003 to support the implementation of a new system of entry-year support and assessment required by Ohio teacher licensure standards for beginning teachers. About 6,000 beginning teachers will enter the work force in 2002.

Professional Recruitment. The newly created Professional Recruitment (200-444) receives $3.6 million over the biennium for recruiting minority teaching personnel, prospective math and science teachers, special education teachers, and principals, as well as for developing a web-based placement bureau and establishing a pre-collegiate program to target future teachers.

National Board Teacher Certification and Regional Professional Development Centers. The budget provides $11.8 million over the biennium for the National Board Teacher Certification Initiative. In addition to providing an annual stipend of $2,500 each to the current 935 certified teachers, funding will support an additional 1,450 teachers in their attempts to attain certification. The budget also provides approximately $12.0 million over the biennium for the 12 Regional Professional Development Centers.

Special Education Enhancements

County MR/DD Boards. The budget appropriates county MR/DD boards $45.3 million in FY 2002 and $47.8 million in FY 2003, representing an increase of 11.7 and 5.6 percent respectively. (The FY 2001 actual disbursements were $40.6 million, $5.3 million under the original appropriation of $45.9 million.) These funds are used to fund the same number of school-aged children served by county MR/DD boards in FY 1998. School-aged children served by county MR/DD boards are weighted on the same basis as other school-aged special education students served by school districts. Each student is funded with the base cost adjusted by CDBF of the student's resident district and the state share of the weight cost for the student's resident school district. Each county MR/DD board is guaranteed to receive at least the same per pupil amount it received in FY 1998 under the unit funding system. In FY 1998, county MR/DD boards served 4,001 school-aged students and received $32.9 million (including both classroom and related service unit funding) from the state with an average per pupil funding of $8,211. Payments to a county MR/DD board are not deducted from a student's resident school district's state aid, unless the district places with a board more school-aged students than it had placed in FY 1998. For every school-aged student exceeding the number placed in FY 1998, payments will be deducted from the student's resident district's state aid.

Preschool Special Education. Funding for preschool special education and related services provided by school districts, educational service centers, and county MR/DD boards continues to be distributed on a unit basis. The budget provides $78.6 million in each fiscal year to continue the preschool special education program. The program currently serves about 14,127 children aged three through five. In FY 2001, the estimated average reimbursement rate was $42,754 for a classroom unit and $33,783 for a related services unit. These unit reimbursement rates will largely remain the same for FY 2002 and FY 2003.

Career-Technical Education Enhancements

The budget provides approximately $44.1 million over the biennium to fund a variety of career-technical education enhancement programs, such as the Jobs for Ohio Graduates (JOG) program, the tech prep consortia grant program, the K-12 career development program, High Schools That Work, and the career-technical education equipment replacement program. The line item also earmarks $300,000 in each year to establish a new Voc-Ag 5th Quarter Pilot Project. The project will enable students in agricultural programs to enroll in a fifth quarter of instruction. The fifth quarter concept is based on the long-standing and successful agricultural education model of delivering work-based learning through supervised experience. The department is required to report students' performance results under the project by December 31, 2002.

Head Start

Head Start is a federal program that provides comprehensive developmental services (education, health, nutrition, and parental involvement) to low-income preschool children through local community action organizations, schools, and single purpose agencies. The population served under Head Start is comprised of three to five year old children from families with incomes below the federal poverty level. Ohio leads the nation in state funding for Head Start. When combined with federal Head Start funding, the program makes services available to the entire eligible population in Ohio.

The budget provides approximately $98.8 million to continue the state support for Head Start. The bulk of the state funding for Head Start comes from transferred federal TANF Block Grants. The department is required to comply with all TANF requirements, including reporting requirements and timelines, as specified in state and federal laws, federal regulations, state rules, and the Title IV-A state plan.

The budget requires the department to establish a guideline for the program to serve children from families earning up to 185 percent of the federal poverty level. This provision is intended to meet the childcare needs of low-income families who are working, in training or educational programs, or participating in Ohio Works First approved activities.

The budget limits the distribution of Head Start funds in FY 2002 and FY 2003 to only those grantees that received funds in FY 2001. It allows the department to reallocate unobligated or unspent funds for things such as facilities planning grants and teacher professional development. The budget also requires the department to develop pre-kindergarten reading and mathematics content standards and model curricula and to make them available to Head Start grantees. The state Head Start currently serves 22,000 children at per child funding of $4,400.

In federal fiscal year 2001, Ohio received a total of $184.6 million in federal Head Start funding. These moneys go to local Head Start grantees directly. Federal Head Start currently serves 35,000 children in Ohio with an average per child cost of $5,500. However, there will be a 3.5 percent cost of living adjustment and other incentives for teacher qualifications and other pay increases added into grantees' base funding in state fiscal year 2002. Therefore, per child cost will increase in FY 2002. A four percent increase will bring per child funding to $5,720 in FY 2002 under federal Head Start.

Public Preschool

The budget allocates approximately $19.5 million in each fiscal year to continue the public preschool program. Up to two percent of total appropriation in each year may be used by the department for administrative costs. The program is required to meet the federal Head Start performance standards, thus components of the service also include education, health, nutrition, and parental involvement. At least 51 percent of children served by the program must come from families earning less than 185 percent of the federal poverty level. Families with incomes above 100 percent of the federal poverty level must pay fees based on a sliding scale to participate in the program. The program currently serves nearly 7,700 three to five year old children and their families at an average cost of $2,483 per child in state funds.

Community Schools

Community schools are public schools that operate independently of any school district and are governed through a contract between the school's governing authority and a sponsor. As authorized in Chapter 3314. of the Revised Code, any person or group may propose the establishment of a community school and school districts may convert any public school building into a community school. Funding to community schools is provided in the form of a per-pupil foundation amount, as well as special education funds, Disadvantaged Pupil Impact Aid, and other state and federal grants. The Office of School Options of the Department of Education and the Lucas County Educational Service Center provide technical services and oversee community schools.

This budget provides $3.0 million in start-up grants of up to $150,000 each to community schools. Community schools receiving start-up grants under this line item are not eligible for federally funded grants provided under appropriation item 200-613, Public Charter Schools. Currently, 70 community schools are in operation with a total enrollment of approximately 17,464 students, representing nearly one percent of total public school students in FY 2001. Among these community schools, 54 are sponsored by the State Board of Education, 11 are sponsored by the Lucas County Educational Service Center, two are sponsored by the Cincinnati City SD, and the remaining three are sponsored by the Dayton City SD, the Toledo City SD, and the University of Toledo, respectively.

Pilot School Choice Program

Of the Cleveland City School District's DPIA moneys, the budget earmarks up to $14.9 million in FY 2002 and $18.1 million in FY 2003 to fund the pilot school choice program in the Cleveland City School District. The funding supports 3,885 K-7 students who are currently enrolled in the program and provides the opportunity for a new class of kindergarten students to enroll in the program in each year of the biennium.

Auxiliary Services

The auxiliary services program provides specific secular services and materials to state chartered nonpublic schools. The budget appropriates the program approximately $122.8 million in FY 2002 and $127.7 million in FY 2003, an increase of four percent per year. The funds can be used to purchase secular, neutral, and non-ideological textbooks, materials, and equipment for nonpublic school students. Other services provided by the program include diagnostic health services; therapeutic health; remedial and counseling services; special education, gifted education and standardized tests; and test scoring. Funds can also be used to purchase electronic textbooks, site-licensing, digital video on demand, wide area connectivity, and related technology as it pertains to Internet access, instructional materials, and school library materials that are in general use in public schools.

The funds are distributed on a per-pupil basis. The FY 2001 per-pupil subsidy amount was approximately $490. A total of 238,931 nonpublic school students were funded through the program. The department generally makes payments twice per year. The first payment is generally based on the prior year's average daily membership count and the second payment reflects each chartered nonpublic school's actual October count for that fiscal year. Public school districts where chartered nonpublic schools are located are the fiscal agents for the program.

Nonpublic Schools Administrative Cost Reimbursement

The program appropriations amount to approximately $53.5 million in FY 2002 and $55.7 million in FY 2003, an increase of four percent per year. These funds are used to reimburse chartered nonpublic schools for mandated administrative and clerical costs incurred for such things as filing reports and maintaining records. The reimbursement amount for each chartered nonpublic school is based on its prior year's actual cost with a maximum reimbursement rate of $250 per pupil. Total statewide reimbursement amount is subject to the appropriation limitation. In FY 2001, the state reimbursed chartered nonpublic schools approximately 97.3 percent of the total amount determined by the formula.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill   Version: Enacted

EDU Education, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	200-100	Personal Services	$ 11,001,037	$ 11,781,860	$12,074,656	$ 11,819,828	-2.11%	$ 12,113,828	2.49%
GRF	200-200	Maintenance	$ 4,188,278	$ 384,050		$ 0	N/A	$ 0	N/A
GRF	200-300	Equipment	$ 553,616	$ 74,582		$ 0	N/A	$ 0	N/A
GRF	200-320	Maintenance and Equipment	$ 0	$ 4,422,558	$8,994,194	$ 5,052,866	-43.82%	$ 5,185,051	2.62%
GRF	200-406	Head Start	$ 92,845,074	$ 96,818,680	$100,707,798	$ 98,843,825	-1.85%	$ 98,843,825	0.00%
GRF	200-408	Public Preschool	$ 17,743,923	$ 19,145,553	$19,421,348	$ 19,506,206	0.44%	$ 19,506,206	0.00%
GRF	200-410	Professional Development	$ 27,259,072	$ 30,119,793	$28,399,477	$ 23,463,829	-17.38%	$ 34,810,579	48.36%
GRF	200-411	Family and Children First	$ 10,370,527	$ 10,600,591	$10,436,510	$ 3,550,000	-65.98%	$ 3,550,000	0.00%
GRF	200-412	Driver Education Administration	$ 176,845	$ 919		$ 0	N/A	$ 0	N/A
GRF	200-413	Lease Rental Payments	$ 0	----		----	N/A	----	N/A
GRF	200-414	Vocational Rehabilitation	$ 0	----		----	N/A	----	N/A
GRF	200-415	Consumer Education	$ 504,278	$ 79,663		$ 0	N/A	$ 0	N/A
GRF	200-416	Vocational Education Match	$ 2,570,425	$ 2,362,272	$2,222,334	$ 2,381,738	7.17%	$ 2,381,738	0.00%
GRF	200-417	Professional Development	$ 436	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-420	Technical Systems Development	$ 0	$ 1,751,412	$6,318,470	$ 6,000,000	-5.04%	$ 6,500,000	8.33%
GRF	200-421	Alternative Education Programs	$ 0	$ 0	$19,820,361	$ 18,000,000	-9.18%	$ 18,000,000	0.00%
GRF	200-422	School Management Assistance	$ 1,009,209	$ 1,114,865	$979,884	$ 2,185,675	123.05%	$ 1,971,219	-9.81%
GRF	200-423	Teacher Recruitment	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-424	Policy Analysis	$ 417,312	$ 494,104	$578,388	$ 642,756	11.13%	$ 674,894	5.00%
GRF	200-425	Tech Prep Administration	$ 0	$ 0	$2,173,151	$ 2,431,012	11.87%	$ 2,431,012	0.00%
GRF	200-426	Ohio Educational Computer Network	$ 21,562,402	$ 24,584,939	$37,900,112	$ 39,871,927	5.20%	$ 39,871,927	0.00%
GRF	200-427	Academic Standards	----	----	$620,821	$ 8,474,999	1,265.13%	$ 8,862,500	4.57%
GRF	200-429	Local Professional Development Block	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-431	School Improvement Models	$ 11,066,804	$ 24,838,650	$28,409,374	$ 15,850,000	-44.21%	$ 14,625,000	-7.73%
GRF	200-432	School Conflict Management	$ 394,431	$ 500,172	$573,083	$ 626,496	9.32%	$ 657,821	5.00%
GRF	200-433	Reading/Writing Improvement	----	----		$ 18,962,948	N/A	$ 19,276,694	1.65%
GRF	200-437	Student Proficiency	$ 10,461,338	$ 12,387,999	$14,294,054	$ 23,692,045	65.75%	$ 25,942,045	9.50%
GRF	200-438	Safe Schools	----	----		$ 2,050,000	N/A	$ 2,050,000	0.00%
GRF	200-441	American Sign Language	$ 281,657	$ 221,299	$148,387	$ 232,073	56.40%	$ 236,715	2.00%

Line Item Detail by Agency

EDU Education, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	200-442	Child Care Licensing	$ 1,511,264	$ 1,467,703	$1,459,886	$ 1,517,751	3.96%	$ 1,548,107	2.00%
GRF	200-443	DeRolph Litigation Expenses	$ 1,311,730	$ 300,000		$ 0	N/A	$ 0	N/A
GRF	200-444	Professional Recruitment	----	----		$ 1,917,000	N/A	$ 1,705,800	-11.02%
GRF	200-445	OhioReads Administration/Volunteer Su	$ 0	$ 3,755,709	$4,146,708	$ 5,485,440	32.28%	$ 5,485,440	0.00%
GRF	200-446	Management Information System	$ 11,922,195	$ 13,460,017	$14,396,653	$ 16,479,636	14.47%	$ 17,573,430	6.64%
GRF	200-447	GED Testing/Adult High School	$ 1,427,707	$ 1,117,066	$1,289,211	$ 2,038,678	58.13%	$ 2,079,451	2.00%
GRF	200-450	Summer Institute for Reading Interventi	$ 0	$ 688,048	$627,702	$ 0	-100.00%	$ 0	N/A
GRF	200-455	Community Schools	$ 2,300,000	$ 1,654,046	$2,336,946	$ 4,728,935	102.36%	$ 4,824,517	2.02%
GRF	200-500	School Finance Equity	$ 67,854,112	$ 47,323,630	$33,407,695	$ 23,560,125	-29.48%	$ 19,975,864	-15.21%
GRF	200-501	Base Cost Funding	$ 3,035,363,396	$ 3,458,196,651	$3,804,827,428	$ 4,273,654,781	12.32%	$ 4,441,014,505	3.92%
GRF	200-502	Pupil Transportation	$ 225,814,316	$ 274,110,665	$310,276,105	$ 334,183,786	7.71%	$ 377,305,465	12.90%
GRF	200-503	Bus Purchase Allowance	$ 31,762,132	$ 33,761,278	$38,614,950	$ 36,735,279	-4.87%	$ 36,799,984	0.18%
GRF	200-504	Special Education	$ 8,816,421	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-505	School Lunch Match	$ 8,642,209	$ 9,991,216	$9,623,241	$ 9,639,000	0.16%	$ 9,831,780	2.00%
GRF	200-507	Vocational Education	$ 2,047,762	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-509	Adult Literacy Education	$ 8,970,230	$ 8,817,898	$10,019,630	$ 8,628,000	-13.89%	$ 8,628,000	0.00%
GRF	200-511	Auxiliary Services	$ 101,532,774	$ 110,135,741	$117,725,453	$ 122,782,475	4.30%	$ 127,650,709	3.96%
GRF	200-512	Driver Education	$ 6,464,450	$ 361,552		$ 0	N/A	$ 0	N/A
GRF	200-513	Summer Intervention	----	$ 15,445,934	$28,999,995	$ 31,900,000	10.00%	$ 38,280,000	20.00%
GRF	200-514	Post-Secondary/Adult Career-Technical	$ 20,937,141	$ 22,668,510	$22,349,060	$ 23,240,243	3.99%	$ 23,240,243	0.00%
GRF	200-519	Pilot Scholarship Program	$ 1,346,893	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-520	Disadvantaged Pupil Impact Aid	$ 369,053,622	$ 367,072,979	$340,906,643	$ 360,149,743	5.64%	$ 360,149,743	0.00%
GRF	200-521	Gifted Pupil Program	$ 34,912,236	$ 39,529,962	$43,315,449	$ 45,930,131	6.04%	$ 47,983,321	4.47%
GRF	200-524	Educational Excellence and Competenc	$ 9,168,000	$ 12,987,333	$11,730,966	$ 0	-100.00%	$ 0	N/A
GRF	200-525	Parity Aid	$ 0	----		$ 99,813,832	N/A	$ 210,305,911	110.70%
GRF	200-526	Vocational Education Equipment Repla	$ 4,770,394	$ 148,009		$ 0	N/A	$ 0	N/A
GRF	200-528	Education Mobility Assistance	$ 0	----		----	N/A	----	N/A
GRF	200-532	Nonpublic Administration Cost Reimbur	$ 44,413,619	$ 48,059,452	$51,327,971	$ 53,533,703	4.30%	$ 55,675,051	4.00%
GRF	200-533	School-Age Child Care	$ 1,103,112	$ 961,769	$1,400,849	$ 0	-100.00%	$ 0	N/A
GRF	200-534	Desegregation Cost	$ 47,903,061	$ 9,162,951	$7,095,107	$ 500,000	-92.95%	$ 500,000	0.00%
GRF	200-538	Discovery Project Match	$ 0	$ 0		$ 0	N/A	$ 0	N/A

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
EDU	***Education, Department of***								
GRF	200-539	Educational Technology	$ 0	----		----	N/A	----	N/A
GRF	200-540	Special Education Enhancements	$ 131,826,304	$ 127,087,994	$132,556,391	$ 139,006,701	4.87%	$ 141,950,428	2.12%
GRF	200-541	Peer Review	$ 269,736	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-542	National Board Certification	$ 690,000	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-543	Entry Year Programs	$ 323,781	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-544	Individual Career Plan and Passport	$ 856,347	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-545	Career-Technical Education Enhancem	$ 187,724,836	$ 34,168,790	$29,326,745	$ 21,673,574	-26.10%	$ 22,406,349	3.38%
GRF	200-546	Charge-Off Supplement	$ 7,303,168	$ 7,416,349	$12,735,476	$ 39,191,433	207.73%	$ 28,684,104	-26.81%
GRF	200-547	Power Equalization	$ 10,738,996	$ 21,830,412	$32,039,506	$ 0	-100.00%	$ 0	N/A
GRF	200-548	Teacher Recruitment Pilots	$ 0	----		----	N/A	----	N/A
GRF	200-551	Reading Improvement	$ 1,766,265	$ 1,520,867	$1,699,175	$ 0	-100.00%	$ 0	N/A
GRF	200-552	County MR/DD Boards Vehicle Purchas	$ 194,492	$ 1,697,525	$1,522,916	$ 1,666,204	9.41%	$ 1,666,204	0.00%
GRF	200-553	County MR/DD Boards Transportation	$ 8,955,905	$ 7,746,790	$8,114,355	$ 9,575,910	18.01%	$ 9,575,910	0.00%
GRF	200-557	JOGS One Time Supplement	$ 0	----		----	N/A	----	N/A
GRF	200-558	Emergency Loan Interest Subsidy	$ 8,490,374	$ 7,123,596	$5,367,627	$ 4,500,000	-16.16%	$ 3,300,000	-26.67%
GRF	200-560	Interactive Communication Information	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-565	Amer-I-Can Onetime Supplement	$ 0	----		----	N/A	----	N/A
GRF	200-566	OhioReads Grants	$ 0	$ 24,970,547	$25,062,720	$ 27,148,000	8.32%	$ 27,148,000	0.00%
GRF	200-568	Adolescent Pregnancy Program	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-570	School Improvement Incentive Grants	$ 0	$ 9,729,800	$10,025,000	$ 837,500	-91.65%	$ 987,500	17.91%
GRF	200-572	Teacher Incentive Grants	$ 0	$ 111,000	$624,500	$ 0	-100.00%	$ 0	N/A
GRF	200-573	Character Education	$ 0	$ 1,000,000	$1,100,000	$ 0	-100.00%	$ 0	N/A
GRF	200-574	Substance Abuse Prevention	$ 0	$ 2,112,000	$2,570,000	$ 1,948,200	-24.19%	$ 1,948,200	0.00%
GRF	200-577	Preschool Special Education	$ 2,204,723	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-580	Bethel School Clean-Up	$ 0	$ 350,000		$ 65,000	N/A	$ 65,000	0.00%
GRF	200-589	Special Education Aides	$ 1,635,155	$ 0		$ 0	N/A	$ 0	N/A
GRF	200-901	Property Tax Allocation	$ 591,033,893	$ 622,326,432	$661,412,414	$ 707,700,000	7.00%	$ 743,000,000	4.99%
GRF	200-906	Tangible Tax Exemption-Education	$ 65,047,249	$ 65,068,924	$66,208,453	$ 73,500,000	11.01%	$ 75,700,000	2.99%
General Revenue Fund Total			**$ 5,280,816,664**	**$ 5,657,123,106**	**$ 6,140,315,324**	**$ 6,786,869,283**	**10.53%**	**$ 7,164,480,070**	**5.56%**
4D1	200-602	Ohio Prevention/Education Resource C	$ 0	$ 592,440	$128,418	$ 345,000	168.65%	$ 345,000	0.00%
138	200-606	Information Technology	$ 3,690,021	$ 4,034,664	$3,580,430	$ 6,629,469	85.16%	$ 6,761,034	1.98%

Line Item Detail by Agency

EDU Education, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
4P1	200-629	Adult Literacy Education	$ 0	----		----	N/A	----	N/A
452	200-638	Miscellaneous Revenue	$ 1,066,221	$ 203,480	$362,265	$ 1,045,000	188.46%	$ 1,045,000	0.00%
5F8	200-645	Textbooks/Instructional Materials	$ 25,000,000	$ 0		$ 0	N/A	$ 0	N/A
5B1	200-651	Child Nutrition Services	----	$ 11,108	$51,067	$ 0	-100.00%	$ 0	N/A
596	200-656	Ohio Career Information System	$ 412,100	$ 520,759	$415,970	$ 743,217	78.67%	$ 769,230	3.50%
4Z5	200-663	School District Stored Natural Gas Rei	$ 0	----		----	N/A	----	N/A
4L2	200-681	Teacher Certification and Licensure	$ 3,101,769	$ 3,377,937	$4,399,677	$ 4,684,143	6.47%	$ 4,856,290	3.68%
5H3	200-687	School District Solvency Assistance	$ 12,063,000	$ 8,657,000	$3,846,000	$ 24,000,000	524.02%	$ 24,000,000	0.00%
General Services Fund Group Total			**$ 45,333,111**	**$ 17,397,388**	**$ 12,783,827**	**$ 37,446,829**	**192.92%**	**$ 37,776,554**	**0.88%**
309	200-601	Educationally Disadvantaged	$ 10,292,033	$ 13,262,734	$11,764,820	$ 20,759,222	76.45%	$ 21,425,345	3.21%
366	200-604	Adult Basic Education	$ 14,042,937	$ 14,039,231	$17,188,596	$ 17,527,286	1.97%	$ 18,140,740	3.50%
3H9	200-605	Head Start Collaboration Project	$ 204,732	$ 294,069	$243,635	$ 250,000	2.61%	$ 250,000	0.00%
367	200-607	School Food Services	$ 8,542,551	$ 8,947,635	$8,744,567	$ 10,089,884	15.38%	$ 10,408,199	3.15%
3T6	200-611	Class Size Reduction	----	----	$47,245,533	$ 63,000,000	33.35%	$ 65,000,000	3.17%
3T4	200-613	Public Charter Schools	$ 807,411	$ 2,295,355	$3,581,161	$ 4,887,260	36.47%	$ 5,055,185	3.44%
368	200-614	Veterans' Training	$ 581,395	$ 519,898	$506,460	$ 648,514	28.05%	$ 671,212	3.50%
369	200-616	Vocational Education	$ 4,903,904	$ 7,333,663	$7,352,141	$ 8,000,000	8.81%	$ 8,000,000	0.00%
3L6	200-617	Federal School Lunch	$ 142,992,604	$ 158,064,573	$158,544,020	$ 175,274,000	10.55%	$ 180,181,672	2.80%
3L7	200-618	Federal School Breakfast	$ 29,217,174	$ 32,191,459	$33,846,571	$ 45,746,000	35.16%	$ 47,026,888	2.80%
3L8	200-619	Child and Adult Care Programs	$ 45,126,533	$ 48,460,017	$48,803,838	$ 60,257,639	23.47%	$ 61,966,125	2.84%
3L9	200-621	Vocational Education Basic Grants	$ 41,727,897	$ 42,836,699	$43,123,892	$ 43,613,582	1.14%	$ 45,142,330	3.51%
3M0	200-623	ESEA Title I	$ 297,852,913	$ 281,047,582	$323,682,944	$ 320,505,063	-0.98%	$ 330,172,277	3.02%
370	200-624	Education of Exceptional Children	$ 11,272,070	$ 2,818,327	$1,202,380	$ 1,364,246	13.46%	$ 1,410,908	3.42%
3T5	200-625	Coordinated School Health	$ 160,383	$ 382,516	$11,249	$ 0	-100.00%	$ 0	N/A
3N7	200-627	School-To-Work	$ 17,825,677	$ 10,869,247	$5,596,364	$ 0	-100.00%	$ 0	N/A
371	200-631	EEO Title IV	$ 492,337	$ 765,252	$988,258	$ 1,155,361	16.91%	$ 1,213,894	5.07%
3S2	200-641	Tech Literacy Transfer	$ 16,694,500	$ 14,633,000	$13,320,001	$ 15,183,430	13.99%	$ 15,183,430	0.00%
374	200-647	ESEA Consolidated Grants	$ 95,444	$ 43,264	$71,196	$ 110,094	54.64%	$ 110,094	0.00%
375	200-652	Tech Assistance Education Mobility	$ 0	----		----	N/A	----	N/A
376	200-653	Job Training Partnership Act	$ 3,104,937	$ 3,498,129	$1,343,617	$ 0	-100.00%	$ 0	N/A
3R3	200-654	Goals 2000	$ 22,112,344	$ 22,473,365	$21,447,976	$ 0	-100.00%	$ 0	N/A

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
EDU	***Education, Department of***								
377	200-657	Sex Equity	$ 0	----		----	N/A	----	N/A
378	200-660	Math/Science Technology Investments	$ 12,770,717	$ 12,219,294	$14,943,819	$ 12,696,055	-15.04%	$ 13,036,530	2.68%
3C5	200-661	Federal Dependent Care Programs	$ 4,812,611	$ 15,284,515	$18,588,983	$ 18,189,907	-2.15%	$ 18,233,488	0.24%
3U2	200-662	Teacher Quality Enhancement Grants	----	$ 638,186	$885,552	$ 1,300,501	46.86%	$ 1,352,000	3.96%
3D1	200-664	Drug Free Schools	$ 16,606,288	$ 14,167,939	$13,737,056	$ 20,621,375	50.11%	$ 20,660,570	0.19%
3U3	200-665	Reading Excellence Grant Program	----	$ 2,171,491	$11,587,216	$ 10,018,756	-13.54%	$ 0	-100.00%
3D2	200-667	Honors Scholarship Program	$ 1,606,090	$ 1,814,470	$1,296,610	$ 2,454,688	89.32%	$ 2,540,602	3.50%
3E2	200-668	AIDS Education Project	$ 512,294	$ 63,790		$ 0	N/A	$ 0	N/A
3S7	200-673	Child Care School Age	$ 5,652,619	$ 97,892		$ 0	N/A	$ 0	N/A
3U6	200-675	Provision 2 & 3 Grant	----	$ 12,187	$195,724	$ 191,050	-2.39%	$ 0	-100.00%
3M1	200-678	ESEA Innovative Education	$ 12,202,996	$ 45,021,139	$13,675,128	$ 13,595,978	-0.58%	$ 14,059,555	3.41%
3M2	200-680	Individuals with Disabilities Education A	$ 111,641,545	$ 125,688,156	$158,263,935	$ 186,000,000	17.53%	$ 206,000,000	10.75%
3P9	200-686	SRRC/FRC Evaluation Project	$ 24,783	$ 0		$ 0	N/A	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 833,879,719**	**$ 881,955,074**	**$ 981,783,239**	**$ 1,053,439,891**	**7.30%**	**$ 1,087,241,044**	**3.21%**
455	200-608	Commodity Foods	$ 5,746,921	$ 7,673,075	$8,408,290	$ 10,000,000	18.93%	$ 11,000,000	10.00%
454	200-610	Guidance & Testing	$ 460,194	$ 580,727	$434,712	$ 940,636	116.38%	$ 956,761	1.71%
620	200-615	Educational Grants	----	$ 1,110,019	$682,011	$ 1,525,000	123.60%	$ 1,525,000	0.00%
4V7	200-633	Interagency Vocational Support	$ 595,332	$ 642,612	$445,158	$ 695,197	56.17%	$ 731,674	5.25%
4M4	200-637	Emergency Services Telecommunicatio	$ 231,419	$ 161,195	$20,366	$ 0	-100.00%	$ 0	N/A
4N5	200-639	Impact II	$ 0	$ 0		$ 0	N/A	$ 0	N/A
598	200-659	Auxiliary Services Mobile Unit	$ 895,157	$ 1,396,664	$1,493,484	$ 1,328,910	-11.02%	$ 1,328,910	0.00%
4R7	200-695	Indirect Cost Recovery	$ 2,174,147	$ 2,560,515	$2,622,415	$ 3,942,779	50.35%	$ 4,168,947	5.74%
4Y5	200-697	Supplemental School Assistance	$ 0	$ 0		$ 0	N/A	$ 0	N/A
053	200-900	School District Property Tax Replaceme	----	----		$ 102,000,000	N/A	$ 115,911,593	13.64%
State Special Revenue Fund Group Total			**$ 10,103,170**	**$ 14,124,807**	**$ 14,106,437**	**$ 120,432,522**	**753.74%**	**$ 135,622,885**	**12.61%**
017	200-612	Base Cost Funding	$ 666,093,028	$ 656,247,000	$628,967,000	$ 604,000,000	-3.97%	$ 596,000,000	-1.32%
020	200-620	Vocational School Building Assistance	$ 3,199,035	$ 0	$1,650,000	$ 0	-100.00%	$ 0	N/A
018	200-649	Disability Access Project	$ 0	$ 0		$ 0	N/A	$ 0	N/A
018	200-669	Judgment Loan	$ 0	$ 0		$ 0	N/A	$ 0	N/A
017	200-670	School Foundation-Basic Allowance	$ 0	$ 0		$ 0	N/A	$ 0	N/A

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
EDU	***Education, Department of***								
017	200-671	Special Education	$ 0	$ 0		$ 0	N/A	$ 0	N/A
017	200-672	Vocational Education	$ 0	$ 0		$ 0	N/A	$ 0	N/A
017	200-682	Lease Rental Payments Reimbursemen	$ 32,780,000	$ 0	$59,486,000	$ 29,722,100	-50.04%	$ 25,722,600	-13.46%
017	200-694	Bus Purchase One-Time Supplement	$ 7,438,958	$ 1,659,086	$110,536	$ 0	-100.00%	$ 0	N/A
Lottery Profits/Education Fund Group Total			**$ 709,511,021**	**$ 657,906,086**	**$ 690,213,536**	**$ 633,722,100**	**-8.18%**	**$ 621,722,600**	**-1.89%**
006	200-689	Hazardous Waste Removal	$ 1,443,401	$ 0		$ 0	N/A	$ 0	N/A
Education Improvement Fund Total			**$ 1,443,401**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
Education, Department of Total			***$ 6,881,087,086***	***$ 7,228,506,461***	***$ 7,839,202,363***	***$ 8,631,910,625***	***10.11%***	***$ 9,046,843,153***	***4.81%***

- 1.66% GRF decrease in FY 2002 and a 4.97% increase in FY 2003
- Digital convergence by May 2003

Educational Telecommunications Network Commission

Meegan M. Michalek, Economist

ROLE

The Ohio Educational Telecommunications Network Commission (OEB[5]) was created in 1961 and is governed by an eleven-member commission. The mission of OEB is to ensure the coherent development of public telecommunications services for the citizens of Ohio, with a particular commitment for their application to education. To accomplish this, OEB provides independent expertise and support to Ohio's educational television stations, educational radio stations, radio reading services, instructional television foundations, and other agencies of state government. OEB currently provides services and assistance to 12 public television services, 8 educational technology stations, including SchoolNet, 34 educational radio stations, 9 radio-reading services, and the Statehouse News Bureau.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
33	$11.3 million	$11.9 million	$8.3 million	$8.7 million	Am. Sub. H.B. 94

OVERVIEW

The budget provides $11,321,187 in FY 2002 (a 1.1 percent increase) and $11,934,401 in FY 2003 (a 5.4 percent increase). While there is a slight increase in OEB funding for FY 2002, funding via the General Revenue Fund (GRF) actually declined 1.7 percent for the same fiscal year. However, there is a 5 percent spending increase in FY 2003 from the GRF. Most of the funding increases have resulted from non-GRF sources. Funding from the General Services Fund (GSF) increased by 9.6 percent from FY 2001 and by 6.7 percent from FY 2002. This trend of increasing the proportion of non-GRF spending was driven primarily by sizeable increases in funding received through the SchoolNet initiative for the provision of technology and media services to the educational community and now for digital conversion as required by the FCC for all stations by May 2003. Excluding the increase from the transfer of the Ohio Government Telecommunications Studios from the Capitol Square Review and Advisory Board, the budget for OEB decreased by 2.5 percent in FY 2002 and increased by 1.0 percent in FY 2003. The

[5] This Commission formerly was known as the Ohio Educational *Broadcasting* Network Commission (the name was changed in 1995). It continues to be designated in the state's accounting system by the acronym of its earlier name.

enacted budget produced final funding levels 0.2 percent and 5 percent higher than the proposed executive budget for FYs 2002 and 2003.

The largest component of the OEB budget is contained in line item 374-404, Telecommunications Operating Subsidy. This line item, which is slated to receive appropriations of $5,161,158 and $4,975,406 in FYs 2002 and 2003 respectively, comprises 41.7 and 45.6 percent of the total operating appropriations in the respective years and experiences decreases of 8.0 and 3.6 percent respectively. These moneys are used to provide subsidy payments to OEB affiliates statewide. While the Educational Telecommunications Subsidy line item supports OEB affiliates in maintaining their current levels of operation, the appropriation does not support affiliates undertaking new initiatives. Subsidy payments to OEB affiliates are determined and allocated by a formula, with 67.5 percent going to 12 educational television stations, 22.5 percent to 13 educational radio stations, and 10.0 percent to 9 radio reading services. The educational television and radio stations do receive matching funds from the federal government.

The largest percentage increase for FY 2003 comes from the Ohio Government Telecommunications Studio, which will have a 125.9 percent increase to $896,642 in FY 2003. This is a new line item in the budget for this biennium. The studios are transferred to OEB in January 2002 from Capitol Square Review and Advisory Board. This has resulted in $396,981 in funding for FY 2002 and $896,642 in FY 2003.

The budget also provides GRF appropriations of $1,561,863 in FY 2002 and $1,697,881 in FY 2003 to support OEB staffing costs (a decrease of 8.3 percent in FY 2002 and increase of 7.6 percent in FY 2003). This level of funding will not allow for the current staff levels to be maintained. Under this budget, OEB will need to eliminate three staff positions in FY 2002 and five in FY 2003. Some of this reduction comes as a result of a restructuring of the organization.

The largest percentage increase in spending in FY 2002 comes from line item 374-300, which is equipment. Funding stands at $46,059 for FY 2002, a 52.4 percent increase from the previous year. That funding will decrease by 3.1 percent in FY 2003 to $44,633. This increase is part of the effort to become digitally compliant by the year 2003.

The budget also provides the Statehouse News Bureau with $249,377 in FY 2002 and $241,664 in FY 2003, a decrease of 6.4 and 3.1 percent respectively. This level of funding would not support an expansion in programming and would likely result in a decrease in the number of reports to radio stations and some programs. Currently, the bureau has a staff of four and provides daily coverage of legislative and state government activities.

BUDGET ISSUES

DIGITAL CONVERGENCE

In FY 2000, one major line item was a one-time subsidy appropriation of $12 million for High Definition Television, line item 374-604. The appropriation was made from State Special Revenue Funds (the original source was GRF surplus funds) and was a flow-through subsidy payment to public television stations across the state for new or modified transmission towers and equipment. These new digital transmitters are needed at each of Ohio's 12 licensed educational television station locations. They are necessary for the digital conversion that will allow stations to customize their program schedules to meet the educational needs of their audience. The towers are estimated to cost $1 million each. The federal government has issued a May 2003 deadline for digital conversion to be complete.

Ohio Government Telecommunications Studios

Am. Sub. H.B. 94 transferred operation of the Ohio Government Telecommunications (OGT) studio from the Capitol Square Review and Advisory Board to OEB. This transfer becomes effective in January 2002. The OGT studio is a state-of-the-art, digital component facility located on the ground floor of the Statehouse. OGT is responsible for the broadcast coverage of House and Senate sessions and committee hearings as assigned, handling all teleconferences, and creating educational programming. Appropriations for the studios are unchanged from the original executive request, but the appropriations were divided between Capitol Square and OEB based on the transfer date.

Line Item Detail by Agency

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OEB Educational Telecommunications Network Commission

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	374-100	Personal Services	$ 1,663,897	$ 1,762,719	$1,688,926	$ 1,561,863	-7.52%	$ 1,679,881	7.56%
GRF	374-200	Maintenance	$ 826,389	$ 823,311	$737,354	$ 888,940	20.56%	$ 878,588	-1.16%
GRF	374-300	Equipment	$ 149,255	$ 52,971	$21,632	$ 46,059	112.92%	$ 44,633	-3.09%
GRF	374-401	Statehouse News Bureau	$ 259,538	$ 265,507	$263,723	$ 249,377	-5.44%	$ 241,664	-3.09%
GRF	374-402	Ohio Government Telecommunications	$ 0	----		$ 396,981	N/A	$ 896,642	125.87%
GRF	374-404	Telecommunications Operating Studio	$ 4,958,588	$ 5,332,781	$5,490,552	$ 5,161,158	-6.00%	$ 4,975,406	-3.60%
General Revenue Fund Total			**$ 7,857,667**	**$ 8,237,289**	**$ 8,202,186**	**$ 8,304,377**	**1.25%**	**$ 8,716,815**	**4.97%**
463	374-601	Fees & Grants	$ 415,934	$ 0		$ 0	N/A	$ 0	N/A
140	374-601	Fees & Grants	$ 107,743	$ 45		$ 0	N/A	$ 0	N/A
4F3	374-602	Project Equity	$ 1,444,842	$ 0		$ 0	N/A	$ 0	N/A
4F3	374-603	Affiliate Services	----	$ 2,156,444	$2,043,864	$ 2,941,810	43.93%	$ 3,067,586	4.28%
5D3	374-604	High Definition Television	----	$ 12,000,000		$ 0	N/A	$ 0	N/A
4T2	374-605	Government Television/Telecommunica	----	----		$ 75,000	N/A	$ 150,000	100.00%
General Services Fund Group Total			**$ 1,968,519**	**$ 14,156,489**	**$ 2,043,864**	**$ 3,016,810**	**47.60%**	**$ 3,217,586**	**6.66%**
Educational Telecommunications Network Commissio			***$ 9,826,186***	***$ 22,393,778***	***$ 10,246,051***	***$ 11,321,187***	***10.49%***	***$ 11,934,401***	***5.42%***

- FY 2002 appropriations were nearly evenly split between the GRF and the Ohio Elections Fund (4P2).

Ohio Elections Commission

Carol Robison, Budget Analyst

Role

The Ohio Elections Commission (ELC) oversees political party spending, campaign finance, and corporate political contributions to ensure compliance with the Ohio elections law as provided in R.C. sections 3517.151 to 3517.157.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
10	$592,840	$615,340	$294,180	$302,417	Am. Sub. H. B. 94

Overview

Ten individuals comprise the Ohio Elections Commission. Seven people are commission members, including three Republicans, three Democrats, and one Independent. The commission employs a staff of three people, including an executive director and two administrative assistants. Fifty percent of the Commission's budget during the FY 2002 – FY 2003 biennium is projected to come from filing fees and fines.

Budget Issues

In FY 2002, for the first time, the Election Commission's budget is about equally divided between the GRF and the Ohio Elections Fund (4P2). In previous budgets, the funding was weighted more heavily toward the GRF. See the table below.

	FY 2001		FY 2002		FY 2003	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
General Revenue Fund	$433,299	78.8%	$294,180	49.6%	$302,417	49.1%
Ohio Elections Fund	$116,756	21.2%	$298,660	50.4%	$312,923	50.9%
Elections Commission Total	$550,055	100.0%	$592,840	100.0%	$615,340	100.0%

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

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ELC Ohio Elections Commission

GRF 051-321 Operating Expenses	$ 429,505	$ 418,726	$433,299	$ 294,180	-32.11%	$ 302,417	2.80%
General Revenue Fund Total	**$ 429,505**	**$ 418,726**	**$ 433,299**	**$ 294,180**	**-32.11%**	**$ 302,417**	**2.80%**
4P2 051-601 Ohio Elections Commission	$ 80,762	$ 124,679	$116,756	$ 298,660	155.80%	$ 312,923	4.78%
State Special Revenue Fund Group Total	**$ 80,762**	**$ 124,679**	**$ 116,756**	**$ 298,660**	**155.80%**	**$ 312,923**	**4.78%**
Ohio Elections Commission Total	***$ 510,267***	***$ 543,405***	***$ 550,055***	***$ 592,840***	***7.78%***	***$ 615,340***	***3.80%***

- Total agency funding is increased by 2.7% in FY 2002 and 2.8% in FY 2003

State Employment Relations Board

Nelson D. Fox, Senior Analyst

ROLE

The State Employment Relations Board (SERB) is the neutral quasi-judicial body which administers Ohio's public employee collective bargaining law by conducting representation elections, certifying exclusive bargaining representatives, monitoring and enforcing statutory dispute resolution procedures, adjudicating unfair labor practice (ULP) charges, and determining unauthorized strike claims. The three board members oversee a staff of about 42. There are five main service divisions, including: (1) the Hearings Section, (2) the Labor Relations Section, (3) the Bureau of Mediation, (4) the Research and Training Section, and (5) the Clerk's office.

Ever since the Public Employee Collective Bargaining Law of 1983, which established the SERB, the number of public sector strikes has greatly decreased. The SERB reports that between 1978 and 1980, there were approximately 60 public sector strikes in Ohio. During the 1980s, the number of strikes annually averaged in the teens, whereas in the 1990s there have been an average of nine public sector strikes a year.

According to data provided in the agency's annual report for CY 2000, there were a total of 3,044 separate labor contracts governing 1,418 public workplaces statewide. These agreements covered 426,676 employees in state agencies, local governments, and school boards. Issues stemming from these collective bargaining agreements resulted in 2,344 cases that were filed over the CY 2000 period.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
40	$3.6 million	$3.7 million	$3.6 million	$3.7 million	Am. Sub. H.B. 94

OVERVIEW

The SERB's FY 2002 appropriation, including the 1.5 percent reduction in GRF appropriation required by Am. Sub. H.B. 94, is $3,642,184, a 2.7 percent increase over actual FY 2001 spending of $3,548,326. The adjusted FY 2003 appropriation is $3,743,943, a 2.8 percent increase over FY 2002 funding. A small portion of the agency's total budget—two percent in each fiscal year—is derived from revenues from the sale of publications and training fees. These revenues are deposited in Fund 572 within the General Services Fund (GSF) group.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
ERB Employment Relations Board, State							
GRF 125-321 Operating Expenses	$ 3,396,524	$ 3,586,019	$3,499,301	$ 3,568,485	1.98%	$ 3,668,402	2.80%
General Revenue Fund Total	**$ 3,396,524**	**$ 3,586,019**	**$ 3,499,301**	**$ 3,568,485**	**1.98%**	**$ 3,668,402**	**2.80%**
440 125-601 Transcript & Other	$ 26,076	$ 0		$ 0	N/A	$ 0	N/A
572 125-603 Training and Publications	$ 36,540	$ 59,098	$49,025	$ 73,699	50.33%	$ 75,541	2.50%
General Services Fund Group Total	**$ 62,616**	**$ 59,098**	**$ 49,025**	**$ 73,699**	**50.33%**	**$ 75,541**	**2.50%**
Employment Relations Board, State Total	***$ 3,459,140***	***$ 3,645,117***	***$ 3,548,326***	***$ 3,642,184***	***2.65%***	***$ 3,743,943***	***2.79%***

- The commission is funded entirely from GRF moneys.
- Due to budget reductions, the commission will operate at a slightly reduced service level compared to FY 2001.

Environmental Review Appeals Commission

Kerry Sullivan, Budget Analyst

ROLE

The Environmental Review Appeals Commission is an appellate review board whose primary statutory duty is to hear appeals from certain legal actions taken by state and local governmental entities, including the Ohio Environmental Protection Agency, State Fire Marshal, the State Emergency Response Commission, and county and local boards of health. The majority of cases heard by the commission relate to final actions of the Ohio EPA. The commission has statewide jurisdiction and is the highest level of administrative appeal from final actions. All decisions made by the commission are directly appealable to the Franklin County Court of Appeals, or, if the appeal arises from an alleged violation of a law or regulation, to the court of appeals with jurisdiction.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
6	$458,000	$474,000	$458,000	$474,000	Am. Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 total $458,033. This amount is $1,385 less than the total appropriated in FY 2001, a 0.3 percent reduction[6]. Appropriations for FY 2003 total $474,033. This amount is $15,970 greater than FY 2002, a 3.5 percent increase. The Executive budget proposal fully funded the Commission's budget request and provided appropriation levels of $484,383 in FY 2002 and $501,272 in FY 2003. These funding levels would have provided for a continuation budget at FY 2001 service levels.

The Commission is comprised of three Commission members appointed by the Governor, one Administrative Assistant who serves as the Commission's Executive Secretary, Fiscal, Liaison, and Administrative Officer, and two additional clerical support staff. Board members serve staggered six-year terms and receive salaries set by the Governor.

[6] Actual expenditures in FY 2001 totaled $448,540

Budget Issues

Effects of Budget Reductions

With the exception of office supplies, all of the expenses of the Environmental Review Appeals Commission are required by statute (sections 3745.02 to 3745.06 of the Revised Code) or are fixed by contract. The commission conducts all hearings itself, and all decisions are researched and written by commission members. Commission staff also process and handle all of the office's normal administrative functions, such as financial administration (purchasing and vouchering), personnel, acting as liaison between the commission and the parties to an appeal, day-to-day duties such as typing, mail, copying, telephones, and all other functions for which many agencies have separate departments and personnel. Therefore, all of the commission's costs are fixed.

Reductions in the appropriation levels initially recommended by the Executive have left the commission at a "bare bones" level of funding. Specific effects of funding reductions include: eliminating the process in which old case files are converted to microfiche; reductions in the purchase of office supplies; and finding alternative means of accessing Lexis-Nexis, a necessary legal research tool for commission members because they research and write their own decisions. At current funding levels, the commission anticipates being able to meet its operational expenses and maintain its staff of six employees. However, unforeseen expenses due to computer or telephone system failures cannot be covered by the commission's budget.

Increase in Filing Fees

Am. Sub. H.B. 94 includes a provision that increases the commission's filing fee from $40 to $60 per appeal (section 3745.04), although the commission may choose to waive this fee under cases of extreme hardship. In FY 2001, the commission collected approximately $3,500 in filing fees and copying charges. At the $60 level, the commission expects this amount to increase to approximately $5,500. Because the commission is funded entirely through GRF moneys, filing fees collected by the commission are deposited with the Treasurer of State for deposit into the General Revenue Fund. Therefore, fees collected do not increase the commission's appropriated funding, but rather, serve to offset a portion of the State's cost for operating the commission.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

EBR Environmental Review Appeals Commission

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	172-100	Personal Services	$ 334,174	$ 0		----	N/A	----	N/A
GRF	172-200	Maintenance	$ 57,938	$ 0		----	N/A	----	N/A
GRF	172-300	Equipment	$ 15,356	$ 0		----	N/A	----	N/A
GRF	172-321	Operating Expenses	$ 0	$ 449,927	$448,540	$ 458,033	2.12%	$ 474,003	3.49%
General Revenue Fund Total			**$ 407,468**	**$ 449,927**	**$ 448,540**	**$ 458,033**	**2.12%**	**$ 474,003**	**3.49%**
Environmental Review Appeals Commission Total			***$ 407,468***	***$ 449,927***	***$ 448,540***	***$ 458,033***	*2.12%*	***$ 474,003***	*3.49%*

- Various fee increases
- Creation of three new Clean Ohio funds
- Zero-based budgeting requirement

Environmental Protection Agency

Kerry Sullivan, Budget Analyst

ROLE

The Ohio Environmental Protection Agency (Ohio EPA) is responsible for establishing and enforcing state and federal standards pertaining to chemical emergency response planning, community right-to-know, and toxic chemical release reporting; the cessation of chemical handling operations; the prevention, control, and abatement of air and water pollution; public water supplies; comprehensive water resource management planning; and the disposal and treatment of solid wastes, infectious wastes, construction and demolition debris, hazardous waste, sewage, industrial waste, and other wastes. The agency monitors these standards by issuing permits, conducting reviews and inspections, and providing technical assistance, loan assistance, and environmental education.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
1,405	$177.5 million	$185.5 million	$23.3 million	$25.3 million	Am. Sub. H.B. 94 Am. Sub. H.B. 3 Sub. H.B. 231

OVERVIEW

Ohio EPA is a regulatory agency of approximately 1,400 employees. The director is appointed by the Governor. The agency is organized into ten program series that develop and implement distinct environmental programs. The staff is organized across five district offices and Columbus' central office. District offices are largely responsible for permitting and field-testing and for providing direct contact within the regulated community.

Agency appropriations for FY 2002 total $177,483,407. This amount is $15,941,916 more than the total originally appropriated for FY 2001, a 9.9 percent increase.[7] Appropriations for FY 2003 total $185,456,476, which is $7,973,069 greater than FY 2002, or a 4.5 percent increase.

[7] Actual expenditures in FY 2001 totaled $138,458,871.

On average, Ohio EPA receives 62 percent of its funding from fees and charges for services. Federal grants make up about 23 percent of funding, and the General Revenue Fund provides the remaining 15 percent.

BUDGET ISSUES

DIVISION OF AIR POLLUTION CONTROL

The Division of Air Pollution Control (DAPC) administers the federal Clean Air Act in Ohio, and many of its activities are mandated by federal law and supported by permit fees and federal grants. State-funded activities include enforcement, air quality monitoring, and the processing of state permits to install (PTI) and permits to operate.

General Revenue Fund appropriation items 715-501, Local Air Pollution Control, and 719-321, Air Pollution Control, provide administrative funding to DAPC. In FYs 2002 and 2003, Local Air Pollution Control will receive appropriations of $1,343,649 and $1,422,407, respectively. Air Pollution Control will receive $2,795,818 and $2,970,212, respectively. At this level of funding, the division will lose approximately two positions through attrition. The division will be able to support 225.5 positions during FY 2002. According to the agency, the loss of positions will affect the division's ability to issue permits to operate and will primarily affect smaller sources of air pollution because major sources are required to receive instead a federal Title V operating permit under the Clean Air Act.

With regard to Ohio's automobile emissions inspection program, known as E-Check, Am. Sub. H.B. 94 prohibits Ohio EPA from renewing its contract with the company currently administering the program when it expires in December 2005, and from entering into a new contract for the purpose of conducting emissions inspections under a motor vehicle inspection and maintenance program. Furthermore, at the end of the contract period, the agency is required to terminate all emissions inspection programs in the state and cannot implement a new program without approval from the General Assembly.

DIVISION OF DRINKING AND GROUND WATERS

The Division of Drinking and Ground Waters (DDAGW) administers the Safe Drinking Water Act in Ohio by ensuring that Ohio's public water systems provide adequate supplies of safe drinking water and by protecting the quality of state ground water resources for drinking water, industrial, and agricultural uses. State-supported activities include public water system plan approvals, inspections, and compliance monitoring, ground water monitoring, technical support, and underground injection control programs.

General Revenue Fund appropriation items 718-321, Groundwater, and 721-321, Drinking Water, provide administrative funding to DDAGW. In FYs 2002 and 2003, Groundwater will receive $1,409,448 and $1,517,824, respectively. Drinking Water will receive $2,997,562 and $3,168,486, respectively.

In addition, $225,000 over the biennium has been earmarked from line item 721-321, Drinking Water, to be used toward the Northern Perry County Water District, Phase III.

At this level of funding, the division will lose approximately four positions through attrition. The division will be able to support 195 positions during FY 2002. According to the agency, activities that may be reduced as a result include implementation of newly adopted rules (required under 1996 Amendments to the Safe Drinking Water Act), nonemergency guidance and technical assistance to operators of public water systems, and reviewing monthly operating and monitoring reports for nonacute contaminants.

DDAGW projects that expenditures that are necessary to maintain staff levels within the public drinking water program will exceed anticipated revenue generated through fees and the Public Water Supply Supervision federal grant by roughly $1.6 million in FY 2002. The division will avoid deeper personnel cuts by spending down existing cash balances within State Special Revenue Fund Drinking Water Protection (Fund 4K5).

DIVISION OF SURFACE WATER

The Division of Surface Water (DSW) administers the Clean Water Act in Ohio by implementing programs and objectives with the goal of attaining fishable and swimmable standards in all of Ohio's lakes, rivers, and streams. Division responsibilities include the development of water quality standards, wasteload allocations, and effluent limits, water quality monitoring, surface water discharge permitting, permit enforcement, technical assistance, and operator certification.

General Revenue Fund appropriation item 717-321, Surface Water, provides administrative funding to DSW. In FYs 2002 and 2003, the account will receive appropriations of $9,855,307 and $10,937,521, respectively. At this level of funding, the division will support 235 positions, including three new positions within the Total Maximum Daily Load Program (discussed below) and two new positions in a new sewage sludge program.

Total Maximum Daily Load Program

Despite three new positions being added to the Total Maximum Daily Load (TMDL) program, the agency expects activities within the program to be significantly affected by the level of funding available. The TMDL program focuses on identifying and restoring polluted rivers, streams, lakes, and other surface water bodies. A TMDL is a written, quantitative assessment of water quality problems within a water body and contributing sources of pollution. It specifies the amount that a pollutant needs to be reduced to meet water quality standards (under the Clean Water Act), allocates pollutant load reductions, and provides the basis for taking actions needed to restore a water body. Ohio is currently under a federal mandate to complete 276 TMDLs in 90 project areas by 2013. Failure to show suitable progress in this regard could put at risk approximately $15 million in federal funds.

A single TMDL takes approximately two and one-half years to develop and implement. Each TMDL requires the integration of several DSW activities such as stream monitoring, modeling, permit issuance, nonpoint source management, control of storm water, data management, and customer outreach and involvement on a watershed basis. All of this is required in order to accurately pinpoint causes of degradation and recommend solutions. Several states have been successfully sued because of their failure to comply with TMDL restoration requirements and have been ordered to complete their work in as little as 17 months. According to the agency, Ohio EPA has already received two notices of intent-to-sue, but thus far has avoided formal legal action through good faith efforts to involve stakeholders in the TMDL process.

Four TMDLs are scheduled per year over FYs 2002 and 2003. The agency expects that number to increase to eight per year for the remaining ten years left to complete the program. Currently, 18 TMDLs are either complete or in process.

Division of Emergency and Remedial Response

The Division of Emergency and Remedial Response (DERR) oversees the cleanup of contaminated property in Ohio and responds to the scene of hazardous material spills. The division includes the Voluntary Action Program (VAP), the program under which contaminated brownfield sites are cleaned up and returned to productive use. On July 31, 2001, U.S. EPA and Ohio EPA signed a Memorandum of Agreement (MOA), which assures parties involved in the state's VAP program who follow the new MOA Track that their clean-up efforts will be recognized by the federal agency, thereby eliminating the concern that state-issued covenants not to sue would not be honored by U.S. EPA. Under conditions of the MOA, Ohio EPA has agreed to provide more frequent and direct oversight over clean-up projects, to provide more opportunities for public involvement, and to ensure that response actions taken under the VAP MOA Track will be protective of human health and the environment.

General Revenue Fund appropriation item 726-321, Corrective Actions, provides administrative funding to DERR. In FYs 2002 and 2003, the account will receive appropriations of $1,862,551 and $1,884,243, respectively. Funding levels initially recommended by the executive included staffing to implement the new VAP MOA Track. Although GRF appropriations were lower than these recommended levels, Ohio EPA anticipates still being able to hire additional staff in order to implement the VAP MOA Track. The division, together with the Office of Right-to-Know and the Special Investigations Unit, will be able to support 195 positions in FY 2002. This includes nine continued VAP positions and nine additional Clean Ohio positions (discussed below).

Fee Increases

Several agency fee increases were incorporated into Am. Sub. H.B. 94, as discussed below.

Scrap Tire Management Fund (Kirby Tire Facility)

Continuing law levies a $0.50 per tire fee on the sale of tires in the state. Revenue collected from this fee is intended to support the administrative costs of running the scrap tire program, to abate accumulations of scrap tires, and to make research grants aimed at alternative methods of recycling scrap tires. New law levies an *additional* $0.50 per tire fee on the sale of tires in the state, revenue from which is to be directed solely toward clean-up and removal activities and for making grants to local boards of health. More specifically, at least 65 percent of this additional fee must be directed toward clean-up and removal activities at the Kirby Tire site in Wyandot County. The Kirby Tire facility is the largest of Ohio's 90-plus illegal tire dumps. In August 1999, an arsonist set fire to the site, and between five and seven million tires burned. In addition to treating the oily runoff that continues to leak from the site, an estimated 20 to 40 million tires still remain. Under the new fee program, cleanup at the site may be complete in less than ten years.

Additional revenue to the Scrap Tire Management Fund is projected to reach $3.5 million. In addition, moneys borrowed from the agency's Solid Waste Fund (Fund 4K3) during FYs 2000 and 2001 for clean-up activities at Kirby will be repaid from the Scrap Tire Management Fund over FYs 2002 and 2003 (although none of the moneys from the additional $0.50 fee may be used for this purpose).

Surface Water Protection Fund

Several fee increases are associated with Ohio EPA's National Pollutant Discharge Elimination System (NPDES) permit program. These fees are specifically related to the agency's storm water management program, which is designed to minimize the introduction of pollutants into storm water discharges that enter Ohio's surface waters. Discharge sources under Phase I of the program (industrial, large construction site, and large municipal dischargers) are already under permit; Phase II permits (small municipal and small construction site dischargers) are to be developed and implemented by December 2002. In the early years of Phase II implementation, fee revenue will provide for two full-time staff persons to administer the program.

Municipal Storm Water Permits: Initial general permits will be issued in December 2002 for approximately 450 small municipalities and townships. The deadline for issuance of general permits for small municipal storm water discharges is found in 40 CFR 123.35 (d)(5). Ohio EPA's statutory authority for issuing general permits is found in section 6111.035 of the Revised Code. Notices of Intent (NOI) for coverage under general permits are authorized under 3745-38-06 of the Ohio Administrative Code and are accompanied by a $200 application fee (under section 3745.11 (s)(1) of the Revised Code). General permits are effective for up to five years. New law establishes an additional fee of $100 per square mile of municipal area, due annually. The additional fee will begin in FY 2004 and will generate approximately $200,000 per year for the Surface Water Protection Fund.

Industrial Storm Water Permits: Continuing law provides that industrial general permittees must pay an NOI fee of $200 every five years. New law establishes an additional surcharge of $150 to be paid when the NOI fee is paid. The additional surcharge will generate approximately $450,000 over a five-year permitting cycle, or $90,000 annually. The affected industries are ten categories of manufacturing, mining, steam electric generating, recycling, transportation, and wastewater treatment facilities. The categories are found in the definition of industrial activity in 40 CFR 122.26 (b)(14), subparagraphs i-ix and xi.

Construction Storm Water Permits: Existing Phase I regulations for construction site dischargers are found in 40 CFR 122.26 (b)(14)(x) and regulate construction sites disturbing five acres or greater. Phase II regulations, general permits for which will be issued by December 2002, are found in 40 CFR 122.26 (b)(15) and regulate small construction sites (those disturbing one to five acres). Under continuing law, every site will pay an NOI fee of $200 every five years. In addition, new law provides that large construction sites (those over five acres) must pay a surcharge based on acres disturbed, over five acres, of $20 per acre, to be paid when the NOI fees are paid. The surcharge will affect any construction site, public or private, over five acres. It is estimated that the surcharge will generate approximately $210,000 annually.

Emergency Planning Fund

Fees associated with filing annual emergency and hazardous chemical inventory forms increased under Am. Sub. H.B. 94. Filing fees increased from $100 plus $10 per hazardous chemical or $50 per extremely hazardous substance enumerated on the form to $150 plus $20 per hazardous chemical or $150 per extremely hazardous substance enumerated on the form. Total fees remain capped at $2,500 per form. In addition, penalties for late filing were reduced. Finally, a duplicative filing report was eliminated by requiring oil and gas producers to file specified information only with the State Emergency Response Commission (SERC) rather than with both SERC and the Department of Natural Resources as under prior law. The overall effect of these changes will generate approximately $200,000 in additional revenue for the Emergency Planning Fund annually, which is administered by SERC.

Central Support

Am. Sub. H.B. 94 provided for a new system of assessing indirect charges against agency operating funds in order to support the administrative duties of the agency as a whole. Beginning in FY 2002, the agency's Central Support office stopped receiving direct GRF appropriations, thereby eliminating appropriation item 716-321, Central Administration. Moneys in this account were instead distributed among the agency's other operating funds. In addition, State Special Revenue Fund 4C3, Central Support Indirect, and Federal Special Revenue Fund 356, Indirect Costs, were eliminated. To take their places, General Services Fund 219 was created. Fund 219 is supported by an indirect rate of 18.59 percent assessed to all agency operating funds, based on the amount of object 10 (personnel services) appropriation in each fund. The change is intended to provide a more steady flow of revenue for administrative expenses although the agency expects total revenues to now be less than those received during FY 2001. In order to operate within estimated revenue projections, Central Support will reduce spending by eliminating vacant positions, allowing attrition of filled positions, and reducing maintenance and equipment expenditures.

Clean Ohio

In November 2000, Ohio voters approved the concept of a Clean Ohio fund, a $400 million bond fund intended to provide local groups and communities with grant and loan money for the redevelopment of urban brownfields, the preservation of open spaces, including farmland, and the protection of state waterways. Implementing legislation, in the form of Am. Sub. H.B. 3, was signed by the Governor in July 2001 and became effective at that time.

Under the provisions of Am. Sub. H.B. 3, Ohio EPA is primarily responsible under the brownfields component for receiving no further action letters from certified professionals and issuing or denying covenants not to sue based on the director's determination that a brownfield site has been remediated according to applicable (i.e. voluntary action program or solid and hazardous waste program) standards. The director also sits on the Clean Ohio Council, the body that is responsible for reviewing and approving grant and loan applications for brownfields remediation.

Am. Sub. H.B. 3 created or revised two funds for Ohio EPA: State Special Revenue Fund 5S1, Clean Ohio – Operating and State Special Revenue Fund 505, Clean Ohio Environmental Review. The Clean Ohio Operating Fund (Fund 5S1) is codified under section 3745.40 of the Revised Code and is intended to support the administrative costs incurred by the agency in overseeing brownfields remediation projects. The Clean Ohio Environmental Review Fund (Fund 505), under section 50 of Am. Sub. H.B. 94 of the 124th General Assembly as amended by Am. Sub. H.B. 3, is also intended to support the administrative costs of the agency, including the cost of providing technical assistance, participating in and supporting the Clean Ohio Council, and reviewing no further action letters and issuing covenants not to sue. In addition, Am. Sub. H.B. 3 provided Ohio EPA with General Revenue funding through appropriation item 715-403, Clean Ohio. These funds are also intended to support additional program and operating costs for the Clean Ohio program. Total appropriation to these three items equals $1,730,000 in FY 2002 and $2,651,000 in FY 2003. The agency estimates that it will be able to support fourteen new positions for the Clean Ohio program, which will be housed within the Division of Emergency and Remedial Response.

ZERO-BASED BUDGET REQUIREMENT

Sub. H.B. 231 of the 124th General Assembly, which became effective in July 2001, requires Ohio EPA to prepare a full zero-based budget for the biennium beginning July 1, 2003 and ending June 30, 2005.

The agency's FY 2002-2003 budget request segmented Ohio EPA into 42 separate budget tables and narratives. Thirty-five of these 42 tables addressed ongoing operations; the remaining seven addressed new initiatives, such as Clean Ohio. The agency began preparing the FY 2002-2003 budget request in June 2000 and completed its original submission to the Office of Budget and Management (OBM) in October 2000. The effort required all agency program managers to determine their needs for the upcoming biennium and to write detailed narratives that were included in the budget request. Agency fiscal officers determined the costs of those needs, estimated the revenue available, then worked with each program manager to shape the requests to fit within available funding.

The agency assumes that submitting a zero-based budget will require further segmentation of the ongoing operations portion of its budget request. The number of tables and corresponding narratives is likely to increase from the 35 used in the FY 2002-2003 budget request and will require more time on the part of fiscal officers and program managers to prepare. The actual number of segments will depend on the guidance that the agency receives from OBM.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

EPA *Environmental Protection Agency*

Fund	ALI	Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	715-403	Clean Ohio	----	----		$ 550,000	N/A	$ 801,000	45.64%
GRF	715-501	Local Air Pollution Control	$ 1,295,796	$ 1,295,661	$1,331,940	$ 1,343,649	0.88%	$ 1,422,407	5.86%
GRF	715-503	Science Advisory Program	$ 321,829	$ 163,188		----	N/A	----	N/A
GRF	715-504	Special Sanitary Distrct Distress	$ 0	$ 0		----	N/A	----	N/A
GRF	716-321	Central Administration	$ 4,134,210	$ 3,652,648	$3,377,685	$ 0	-100.00%	$ 0	N/A
GRF	717-321	Surface Water	$ 8,257,667	$ 8,669,713	$8,954,487	$ 9,855,307	10.06%	$ 10,937,521	10.98%
GRF	718-321	Groundwater	$ 1,085,594	$ 1,106,575	$1,129,161	$ 1,409,448	24.82%	$ 1,517,824	7.69%
GRF	719-321	Air Pollution Control	$ 2,776,080	$ 2,582,397	$2,641,942	$ 2,795,818	5.82%	$ 2,970,212	6.24%
GRF	721-321	Drinking Water	$ 2,750,788	$ 2,791,171	$2,878,284	$ 2,997,562	4.14%	$ 3,168,486	5.70%
GRF	723-321	Hazardous Waste	$ 0	$ 191,540	$268,187	$ 139,949	-47.82%	$ 139,949	0.00%
GRF	724-321	Pollution Prevention	$ 643,748	$ 645,599	$784,357	$ 913,313	16.44%	$ 971,834	6.41%
GRF	725-321	Laboratory	$ 1,130,112	$ 1,137,916	$1,173,539	$ 1,390,029	18.45%	$ 1,528,072	9.93%
GRF	726-321	Corrective Actions	$ 283,158	$ 1,581,274	$1,532,145	$ 1,862,551	21.56%	$ 1,884,243	1.16%
GRF	728-321	Environmental Financial Assist	$ 0	$ 25,499	$30,137	$ 0	-100.00%	$ 0	N/A
GRF	729-321	Solid and Infectious Waste	$ 0	$ 61,568	$72,766	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 22,678,982**	**$ 23,904,749**	**$ 24,174,630**	**$ 23,257,627**	**-3.79%**	**$ 25,341,547**	**8.96%**
199	715-602	Laboratory Services	$ 574,778	$ 651,657	$776,768	$ 1,003,616	29.20%	$ 1,042,081	3.83%
219	715-604	Central Support Indirect	----	----		$ 14,935,955	N/A	$ 16,462,642	10.22%
4A1	715-640	Operating Expenses	$ 2,735,190	$ 2,913,890	$3,508,454	$ 3,214,075	-8.39%	$ 3,304,835	2.82%
491	715-665	Moving Expenses	$ 810,372	$ 4,034	$28,687	$ 0	-100.00%	$ 0	N/A
General Services Fund Group Total			**$ 4,120,340**	**$ 3,569,581**	**$ 4,313,909**	**$ 19,153,646**	**344.00%**	**$ 20,809,558**	**8.65%**
362	715-605	Underground Injection Control-Federal	$ 29,765	$ 139,932	$106,227	$ 107,856	1.53%	$ 107,856	0.00%
3V7	715-606	Agency-wide Grants	----	----		$ 360,000	N/A	$ 80,000	-77.78%
363	715-610	Construction Grants	$ 0	----		----	N/A	----	N/A
352	715-611	Wastewater Pollution	$ 127,410	$ 216,350	$193,342	$ 200,000	3.44%	$ 278,000	39.00%
353	715-612	Public Water Supply	$ 277,806	$ 2,264,280	$2,690,595	$ 2,489,460	-7.48%	$ 2,489,460	0.00%
354	715-614	Hazardous Waste Management-Federal	$ 0	$ 3,942,346	$5,050,549	$ 3,900,000	-22.78%	$ 3,900,000	0.00%
3J5	715-615	Maumee River	$ 380,831	$ 100,598	$89,114	$ 61,196	-31.33%	$ 0	-100.00%
356	715-616	Indirect Costs	$ 3,673,138	$ 3,252,351	$3,528,972	$ 0	-100.00%	$ 0	N/A

Line Item Detail by Agency

EPA Environmental Protection Agency

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
357	715-619	Air Pollution Control-Federal	$ 426,260	$ 4,084,317	$4,906,922	$ 4,919,683	0.26%	$ 4,835,600	-1.71%
3J1	715-620	Urban Stormwater	$ 412,174	$ 247,795	$339,805	$ 522,000	53.62%	$ 348,000	-33.33%
358	715-625	Surface Water Sampling	$ 105,000	$ 0		----	N/A	----	N/A
3K2	715-628	Clean Water Act 106	$ 102,310	$ 2,461,020	$3,469,522	$ 3,769,255	8.64%	$ 3,769,254	0.00%
3F2	715-630	Revolving Loan Fund-Operating	$ 3,122,890	$ 2,990,647	$2,881,955	$ 33,700	-98.83%	$ 80,000	137.39%
3F3	715-632	Federally Supported Cleanup & Respon	$ 2,335,943	$ 2,227,669	$2,251,677	$ 4,551,830	102.15%	$ 4,600,910	1.08%
3F4	715-633	Water Quality Management	$ 386,323	$ 568,224	$776,622	$ 702,849	-9.50%	$ 702,849	0.00%
3K4	715-634	DOD Monitoring and Oversight	$ 415,747	$ 622,644	$632,091	$ 1,388,552	119.68%	$ 1,487,341	7.11%
3K3	715-637	DOE Agreement in Principle	$ 53,234	$ 0		----	N/A	----	N/A
3K6	715-639	Remedial Action Plan	$ 459,792	$ 587,300	$498,215	$ 600,000	20.43%	$ 270,000	-55.00%
3F5	715-641	Nonpoint Source Pollution Management	$ 2,434,719	$ 3,421,301	$4,611,897	$ 5,820,330	26.20%	$ 5,820,330	0.00%
3M5	715-652	Haz Mat Transport Uniform Safety	$ 210,015	$ 154,647	$6,951	$ 0	-100.00%	$ 0	N/A
3S4	715-653	Performance Partnership Grants	$ 11,784,144	$ 2,024,655	$67,815	$ 0	-100.00%	$ 0	N/A
3N1	715-655	Pollution Prevention Grants	$ 67,306	$ 71,454		----	N/A	----	N/A
3N4	715-657	DOE Monitoring and Oversight	$ 1,851,289	$ 1,960,655	$2,129,097	$ 4,080,203	91.64%	$ 4,162,907	2.03%
3T1	715-668	Rural Hardship Grant	$ 33,168	$ 126,600	$186,485	$ 50,000	-73.19%	$ 50,000	0.00%
Federal Special Revenue Fund Group Total			**$ 28,689,264**	**$ 31,464,785**	**$ 34,417,852**	**$ 33,556,914**	**-2.50%**	**$ 32,982,507**	**-1.71%**
4D7	715-603	Natural Resources Damage Assessme	$ 91,958	$ 108,042		----	N/A	----	N/A
5S1	715-607	Clean Ohio - Operating	----	----		$ 580,000	N/A	$ 850,000	46.55%
500	715-608	Immediate Removal Special Acct	$ 388,513	$ 565,676	$433,633	$ 508,000	17.15%	$ 428,547	-15.64%
4G3	715-618	Jennison Wright Cleanup	$ 0	----		----	N/A	----	N/A
503	715-621	Hazardous Waste Facility Management	$ 7,375,521	$ 8,266,314	$7,294,925	$ 10,274,613	40.85%	$ 11,045,132	7.50%
505	715-623	Hazardous Waste Clean-up	$ 13,169,039	$ 8,592,745	$8,429,304	$ 12,186,201	44.57%	$ 12,427,443	1.98%
602	715-626	Motor Vehicle Inspection & Maintenanc	$ 7,123,670	$ 3,739,565	$2,352,292	$ 2,653,217	12.79%	$ 2,795,062	5.35%
592	715-627	Anti Tampering Settlement	----	$ 0		$ 10,000	N/A	$ 10,000	0.00%
660	715-629	Infectious Waste Management	$ 91,542	$ 114,497	$120,239	$ 138,899	15.52%	$ 145,271	4.59%
644	715-631	ER Radiological Safety	$ 143,363	$ 155,077	$176,477	$ 242,446	37.38%	$ 255,947	5.57%
678	715-635	Air Toxic Release	$ 261,380	$ 259,268	$291,022	$ 394,489	35.55%	$ 413,938	4.93%
679	715-636	Emergency Planning	$ 1,704,310	$ 1,795,790	$1,707,964	$ 2,000,708	17.14%	$ 2,054,868	2.71%
4J0	715-638	Underground Injection Control	$ 228,489	$ 254,065	$298,777	$ 377,268	26.27%	$ 394,097	4.46%
676	715-642	Water Pollution Control Loan Administr	$ 22,359	$ 0	$4,614	$ 4,874,302	105,536.99%	$ 5,252,873	7.77%

Line Item Detail by Agency

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
EPA		***Environmental Protection Agency***							
696	715-643	Air Pollution Control Administration	$ 1,603,086	$ 296,871	$511,024	$ 750,000	46.76%	$ 750,000	0.00%
699	715-644	Water Pollution Control Administration	$ 503,662	$ 464,446	$296,247	$ 250,000	-15.61%	$ 250,000	0.00%
6A1	715-645	Environmental Education	$ 2,004,748	$ 1,989,805	$1,402,676	$ 1,500,000	6.94%	$ 1,500,000	0.00%
4C3	715-647	Central Support Indirect	$ 6,957,064	$ 6,673,407	$6,562,687	----	N/A	----	N/A
4K2	715-648	Clean Air - Non Title V	$ 1,564,426	$ 2,139,382	$2,534,038	$ 3,558,719	40.44%	$ 3,725,707	4.69%
4K3	715-649	Solid Waste	$ 9,478,408	$ 10,945,901	$12,453,380	$ 12,883,012	3.45%	$ 13,578,411	5.40%
4K4	715-650	Surface Water Protection	$ 6,923,163	$ 7,523,149	$7,139,916	$ 9,052,930	26.79%	$ 9,053,183	0.00%
4K5	715-651	Drinking Water Protection	$ 4,121,630	$ 4,901,462	$3,188,177	$ 5,420,914	70.03%	$ 5,780,021	6.62%
4P5	715-654	Cozart Landfill	$ 67,655	$ 91,777	$23,501	$ 140,404	497.45%	$ 143,914	2.50%
4R5	715-656	Scrap Tire Management	$ 6,141,364	$ 2,956,913	$1,793,014	$ 5,526,050	208.20%	$ 5,607,911	1.48%
4R9	715-658	Voluntary Action Program	$ 1,000	$ 479,321	$404,442	$ 760,038	87.92%	$ 880,324	15.83%
4T3	715-659	Clean Air - Title V Permit Program	$ 13,911,537	$ 13,844,062	$14,270,783	$ 16,330,021	14.43%	$ 16,919,482	3.61%
4U7	715-660	Construction & Demolition Debris	$ 30,443	$ 99,543	$205,024	$ 136,347	-33.50%	$ 143,435	5.20%
503	715-661	Hazardous Waste Facility Cleanup	$ 20,049	$ 0		----	N/A	----	N/A
503	715-662	Hazardous Waste Facility Board	$ 586,376	$ 503,340	$403,831	$ 688,634	70.53%	$ 725,713	5.38%
5H4	715-664	Groundwater Support	$ 802,296	$ 1,010,564	$1,079,173	$ 1,718,659	59.26%	$ 1,820,773	5.94%
3T3	715-669	Drinking Water SRF	$ 86,797	$ 1,534,108	$2,046,872	$ 5,577,473	172.49%	$ 5,839,217	4.69%
541	715-670	Site Specific Cleanup	----	$ 280		$ 2,206,952	N/A	$ 2,345,990	6.30%
542	715-671	Risk Management Reporting	----	$ 50,689	$128,448	$ 174,924	36.18%	$ 185,605	6.11%
505	715-674	Clean Ohio Environmental Review	----	----		$ 600,000	N/A	$ 1,000,000	66.67%
State Special Revenue Fund Group Total			**$ 85,403,848**	**$ 79,356,059**	**$ 75,552,480**	**$ 101,515,220**	34.36%	**$ 106,322,864**	**4.74%**
Environmental Protection Agency Total			***$ 140,892,434***	***$ 138,295,174***	***$ 138,458,871***	***$ 177,483,407***	***28.18%***	***$ 185,456,476***	***4.49%***

- Commission may not be able to fill an advisory attorney position
- GRF appropriations increase 6.7% from FY 2002 to FY 2003

Ethics Commission

Jonathan Lee, Budget Analyst

ROLE

The Ohio Ethics Commission (ETH) administers, interprets, and enforces ethical conduct in government under Ohio Ethics Law. The commission promotes and enforces ethical conduct throughout state and local government through impartial and responsive education, advice, investigation, and financial disclosure processes. To fulfill its role, the commission has improved educational and informational access to thousands of public servants to create a baseline understanding of Ethics Law.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
22	$1.7 million	$1.8 million	$1.3 million	$1.4 million	Am. Sub. H.B. 94

OVERVIEW

The commission's total budget increased by 1.4 percent from FY 2001 to FY 2002, although compared to FY 2001 actual expenditures, FY 2002 appropriations are 6.1 percent higher. The commission was appropriated $3,319,890 for the FY 2000-2001 biennium but actual expenditures totaled $3,145,207, a difference of $174,683. Total appropriations increase by 6.6 percent from FY 2002 to FY 2003. For the FY 2002-2003 biennium, the commission requested $3,853,870 but received $3,495,635.

Due to reduced biennial funding, the commission will be unable to fill its vacant advisory staff attorney position. This will have a direct impact on the ability of the commission to respond in a timely fashion to the increasing number of advisory requests. In addition, due to the lack of funding, the commission will be unable to pursue an online financial disclosure filing alternative and meet all of its training goals during the next biennium. Operations and equipment costs of the agency have been cut to the minimum level.

The governor vetoed General Assembly provisions in Am. Sub. H.B. 94 to increase financial disclosure filing statement fees and a provision that would require a reduction of general revenue funding in an amount corresponding to the increase in fee revenue.

Am Sub. H.B. 94 includes a new provision regarding information disclosure that allows the commission to disclose investigative information to law enforcement agencies, appropriate prosecuting authorities, other ethics commissions, and the Ohio Inspector General.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill — Version: Enacted

ETH Ethics Commission

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	146-100	Personal Services	$ 963,553	$ 0		----	N/A	----	N/A
GRF	146-200	Maintenance	$ 208,539	$ 0		----	N/A	----	N/A
GRF	146-300	Equipment	$ 20,927	$ 0		----	N/A	----	N/A
GRF	146-321	Operating Expenses	$ 0	$ 1,269,579	$1,301,331	$ 1,305,827	0.35%	$ 1,393,780	6.74%
General Revenue Fund Total			**$ 1,193,019**	**$ 1,269,579**	**$ 1,301,331**	**$ 1,305,827**	**0.35%**	**$ 1,393,780**	**6.74%**
4M6	146-601	Operating Expenses	$ 172,679	$ 280,511	$293,786	$ 386,485	31.55%	$ 409,543	5.97%
General Services Fund Group Total			**$ 172,679**	**$ 280,511**	**$ 293,786**	**$ 386,485**	**31.55%**	**$ 409,543**	**5.97%**
Ethics Commission Total			***$ 1,365,698***	***$ 1,550,090***	***$ 1,595,117***	***$ 1,692,312***	***6.09%***	***$ 1,803,323***	***6.56%***

- $1 increase in ticket prices at the gate
- GRF funding represents only 3.2% of the EXPO's total budget. State Special Revenue Funds make up the rest.

Ohio Expositions Commission

Wendy Risner, Budget Analyst

ROLE

The Ohio Expositions Commission (EXPO) is a thirteen-member commission specifically charged with the responsibility of conducting at least one fair annually and maintaining and managing property held by the state for the purpose of conducting fairs, expositions, and exhibits. The commission currently oversees operations of the Ohio Expositions Center, a 360-acre facility located in Columbus that administers year-round events.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
87 (permanent)	$16.1 million	$15.9 million	$517,125	$517,125	Am. Sub. H.B. 94

OVERVIEW

Appropriations for the biennium are $32,052,345, which represents an increase of approximately 4.0 percent over the previous biennium's appropriations. The previous biennium's appropriations were $30,829,204. The increase is due to increases within the State Special Revenue Funds, which account for 96.8 percent of the commission's total budget. Included in this fund group is a $700,000 appropriation for the State Fair Reserve (723-640). The State Fair Reserve is a budget reserve fund that the commission may utilize in the event of poor attendance at the Ohio State Fair due to inclement weather or extraordinary circumstances. Appropriations for the Junior Fair Subsidy (723-403) are $517,125 per fiscal year. This is a 1.5 percent decrease from FY 2001 appropriations of $525,000. The program currently costs the commission approximately $750,000 per year.

BUDGET ISSUES

STATE FAIR RESERVE

Appropriation item 723-603, State Fair Reserve, is a reserve fund set up for use by the Ohio Expositions Commission when admission revenues are below a predetermined level due to inclement weather or extraordinary circumstances during the Ohio State Fair. The admission revenue must be less than $2,920,000 for the 2001 Ohio State Fair and less than $3,010,000 for the 2002 Ohio State Fair. The

Director of Budget and Management must release the funds after the commission declares a state of fiscal exigency. The Director of Budget and Management may approve or disapprove the request, may increase or decrease the amount, and may place conditions on the use of the funds. Also, if the commission is facing a temporary cash shortage, a request to use the funds to meet obligations may be made to the Director of Budget and Management. However, in this type of situation, the request must include a plan that describes how the commission will eliminate the cash shortage. The commission must reimburse Fund 640 by June 30 of that same fiscal year.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

EXP Expositions Commission, Ohio

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	723-402	State Fairgrounds Phys Plant	$ 0	----		----	N/A	----	N/A
GRF	723-403	Junior Fair Subsidy	$ 355,487	$ 499,961	$523,631	$ 517,125	-1.24%	$ 517,125	0.00%
GRF	723-404	State Fair Reserve	$ 0	$ 700,000		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 355,487**	**$ 1,199,961**	**$ 523,631**	**$ 517,125**	**-1.24%**	**$ 517,125**	**0.00%**
506	723-601	Operating Expenses	$ 12,682,465	$ 13,305,895	$13,341,198	$ 14,411,437	8.02%	$ 14,875,658	3.22%
4N2	723-602	Ohio State Fair Harness Racing	$ 457,072	$ 484,017	$484,106	$ 511,000	5.56%	$ 520,000	1.76%
640	723-603	State Fair Reserve	----	----		$ 700,000	N/A	$ 0	-100.00%
State Special Revenue Fund Group Total			**$ 13,139,537**	**$ 13,789,912**	**$ 13,825,305**	**$ 15,622,437**	**13.00%**	**$ 15,395,658**	**-1.45%**
Expositions Commission, Ohio Total			***$ 13,495,024***	***$ 14,989,873***	***$ 14,348,936***	***$ 16,139,562***	***12.48%***	***$ 15,912,783***	***-1.41%***

- The Office of the Notary Commission is transferred from the Governor's Office to the Secretary of State.

Governor

Wendy Risner, Budget Analyst

ROLE

The Office of the Governor (GOV) oversees the operations of state government. Under the Ohio Constitution, the Governor is the chief executive officer of the state and is elected to four-year terms. The major duties of the Governor include:

- Formatting and implementing administrative policy for state agencies;
- Submitting biennial, capital, and operating budgets; and
- Appointing judges, certain agency officials, and board and commission members.

The Governor's office also funds the Office of Veterans' Affairs. Veterans' Affairs assists veterans in receiving services and benefits, and maintains burial records of Ohio's veterans.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
63	$5.0 million	$5.1 million	$5.0 million	$5.1 million	Am. Sub. H.B. 94

OVERVIEW

The Governor's Office will receive approximately $10.1 million (after the 1.5 percent cuts) over the course of the biennium. The GRF appropriations for the previous biennium were approximately $10.6 million, although actual GRF spending was only $9.3 million. According to a spokesperson at the Governor's Office, the office will be forced to make adjustments within the office as a result of the enacted budget. It is not yet known what those adjustments will be.

The Notary Commission will be transferred from the Governor's Office to the Secretary of State. The Notary Commission is a non-GRF program that oversees the appointments of notaries public, keeps a record of such appointments, and collects license fees from Ohio's notaries public. Notaries public may administer oaths required or authorized by law; take and certify depositions; take and certify acknowledgements of deeds, mortgages, liens, powers of attorney, and other instruments of writing. The program is expected to receive approximately $320,000 in license fees for the biennium. According to the Office of the Governor's budget testimony in Senate Finance and Financial Institutions, the transferal is due to a recommendation made by the Management Improvement Commission.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill *Version:* Enacted

GOV Office of the Governor

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	040-321	Operating Expenses	$ 3,882,341	$ 4,445,046	$3,983,047	$ 4,539,600	13.97%	$ 4,677,328	3.03%
GRF	040-400	Office of the Lt. Governor	$ 308,307	$ 128,724		$ 0	N/A	$ 0	N/A
GRF	040-403	National Governors' Conference	$ 142,622	$ 145,945	$151,825	$ 174,001	14.61%	$ 179,224	3.00%
GRF	040-408	Office of Veterans' Affairs	$ 238,368	$ 226,765	$266,986	$ 267,525	0.20%	$ 275,552	3.00%
General Revenue Fund Total			**$ 4,571,638**	**$ 4,946,480**	**$ 4,401,858**	**$ 4,981,126**	**13.16%**	**$ 5,132,103**	**3.03%**
412	040-607	Notary Commission	$ 131,614	$ 120,449	$123,843	$ 0	-100.00%	$ 0	N/A
General Services Fund Group Total			**$ 131,614**	**$ 120,449**	**$ 123,843**	**$ 0**	-100.00%	**$ 0**	N/A
Office of the Governor Total			***$ 4,703,252***	***$ 5,066,929***	***$ 4,525,701***	***$ 4,981,126***	*10.06%*	***$ 5,132,103***	*3.03%*

- GRF appropriations increase by 6.9% over FY 2000-2001 biennium
- $500,000 per FY in Title XX funds transferred from JFS for abstinence-only education

Department of Health

Jeffrey M. Rosa, Senior Budget Analyst

ROLE

The mission of the Department of Health (DOH) is to protect and improve the health of all Ohioans by preventing disease, promoting good health, and assuring access to quality health care. In addition to providing preventive medical services, public health education, and health care services, the department also performs various regulatory duties. The department also plays an important role in the public health activities throughout the state by providing state funding to the 144 local health districts located throughout Ohio.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
1,420	$490.7 million	$508.4 million	$89.3 million	$89.1 million	Am. Sub. H.B. 94 Am. Sub. H.B. 299

OVERVIEW

Appropriations for the Department of Health total $999,129,425 over the FY 2002-2003 biennium. This represents an 18.1 percent increase over actual spending in the FY 2000-2001 biennium ($845,991,982). For GRF appropriations only, the increase in the current biennium, when compared to the FY 2000-2001 biennium, is only 6.9 percent. In terms of actual dollars, biennial GRF appropriations for FY 2002-2003 are $178,448,894 versus actual GRF expenditures of $166,955,446 in the FY 2000-2003 biennium. In FY 2002, total appropriations for the department increase by 13.9 percent over actual FY 2001 expenditures. In FY 2003, total appropriations increase by 3.6 percent over FY 2002 appropriations.

TYPES OF APPROPRIATION

Federal dollars represent 66.9 percent of total biennial appropriations. Included among these sources of federal funding are the Maternal and Child Health Block Grant, the Preventive Health Block Grant, and funding for the Women, Infants, and Children (WIC) program.

In the FY 2002-2003 biennium, 17.9 percent of the total appropriations are from the state's General Revenue Fund (GRF). The GRF dollars serve as the funding source for a variety of programs within the department, including activities like the Help Me Grow program, immunizations, and subsidies to local health districts.

The other two main sources of appropriation, just over 15 percent of the total DOH budget, are General Services Funds (GSF) and state Special Revenue Funds (SSR). The SSR appropriations are funded by revenue raised for a specific purpose. One example is the Second Chance Trust program (line item 440-620 (Fund 5D6)), which is funded through donations made by individuals when renewing their driver's license.

NOTABLE FUNDING CHANGES AND NEW LINE ITEMS

Among the numerous appropriation items that constitute the DOH budget, a few merit note due to a sizable percentage change from one fiscal year to the next. The following GRF line items had FY 2001 appropriations but were zeroed out in Am. Sub. H.B. 94:

- 440-402, Osteoporosis Awareness;
- 440-424, Kid's Card;
- 440-430, Adult Care Facilities;
- 440-439, Nursing Home Survey and Certification;
- 440-445, Nurse Aide Program;
- 440-457, Services to State Employees;
- 440-506, Tuberculosis; and
- 440-509, Health Services Agencies.

State Special Revenue line item 440-624, Health Services (Fund 5E1), was also defunded in Am. Sub. H.B. 94.

In the majority of cases, the line items listed above were consolidated into other existing line items. For example, line items 440-430, 440-439, and 440-445 were all folded into line item 440-453, Health Care Facility Protection and Safety. Additionally, funding for the Kid's Card program was moved to line item 440-459, Help Me Grow. Although 440-506 was not funded in the budget, a $60,000 per year earmark for TB services required under section 339.77 of the Revised Code was contained in new GRF appropriation item 440-446, Infectious Disease Prevention.

Other line items with noticeable changes from FY 2001 spending levels include:

- 440-407, Animal Borne Disease and Prevention;
- 440-501, Local Health Districts;
- 440-510, Arthritis Care;
- 440-634, Nurse Aide Training (Fund 698);
- 440-616, Quality, Monitoring, and Inspection (Fund 5B5);
- 440-620, Second Chance Trust (Fund 5D6); and
- 440-627, Medically Handicapped Children Audit (Fund 477).

The following four line items were created in Am. Sub. H.B. 94:

- GRF 440-419, Sexual Assault Prevention and Intervention;
- GRF 440-446, Infectious Disease Prevention;
- GRF 440-454, Local Environmental Health; and
- 3W5 440-611, Title XX Transfer.

Many of these items will be discussed in greater detail in the Budget Issues section of this document, or in the companion LSC publications, the Final Comparison Document and the Catalog of Budget Line Items (COBLI).

BUDGET ISSUES

HELP ME GROW PROGRAM

Am. Sub. H.B. 94 integrates three children's programs covering ages birth to three into the Help Me Grow program. In addition, funding for the Kid's Card program, previously funded through line item 440-424, is located in the Help Me Grow line item (440-459) in Am. Sub. H.B. 94. GRF appropriations for Help Me Grow total $12,312,500 in each fiscal year of the biennium. When compared to actual FY 2001 spending, this represents a 1.8 percent decrease in FY 2002. The funding levels contained in the budget should allow for continued services in the Help Me Grow programs, but not an expansion of the services. In addition to the GRF funding, uncodified language attached to 440-459 states that the Department of Health may use the appropriations contained in 440-459 in conjunction with TANF funds from the Department of Job and Family Services and Even Start moneys from the Department of Education.

Governor's Veto of section 3701.61 of the Revised Code

The budget bill, in ORC 3701.61, codified the Help Me Grow program. As part of this action, counties would have been prohibited from providing home-visiting services by nurses to newborn parents under the Welcome Home program unless requested in writing by the parent of an infant or toddler. Under existing practices, the home-visit is voluntary. According to the Governor's veto message, "Further restrictions will have the effect of denying services to those who may have the greatest need. Therefore, this veto is in the public interest."

Although the Governor vetoed section 3701.61 of the Revised Code, the earmarking language for line item 440-459 states that the Department of Health shall "distribute subsidies to counties to implement section 3701.61 of the Revised Code." As a result of the Governor's actions, that section of the Revised Code does not exist. In the earmarking language to line item 440-459 contained in Am. Sub. H.B. 283 of the 123rd G.A., the programs constituting the Help Me Grow program are spelled out. LSC assumes that the Department of Health will fund the same types of activities with the appropriations contained in the budget in 440-459.

Kid's Card

The Kid's Card is a discount card issued free of charge to parents and guardians of children under the age of six. The department is charged with the task of printing and distributing the cards, as well as recruiting retailers to participate in the program. According to the department, public libraries across the state have agreed to enroll kids in the program. As of May 2001, there were over 500 businesses located across the state participating in the program.

FAMILY PLANNING

GRF Funding

As in previous years, the budget for the FY 2002-2003 biennium includes a $1.7 million per year earmark in GRF line item 440-416, Child and Family Health Services, for family planning services. According to the earmark, none of the funds received through these family planning grants can be used to provide abortion services. Additionally, none of the funds can be used for counseling for or referrals for abortion, except in the case of a medical emergency. Language also is included to restrict the grants to entities that the Department of Health determine will provide family planning services with state moneys that are physically and financially separate from abortion-providing and abortion-promoting activities, and that do not include counseling for or referrals for abortion, other than in the case of a medical emergency. According to the department, 28 agencies receive grants with these funds with awards ranging from $4,950 to $440,265.

TANF Funding

In addition to $1.7 million per fiscal year in GRF funding (440-416, Child and Family Health Services) for family planning services, Am. Sub. H.B. 94 includes $250,000 in each fiscal year to provide family planning services for children or their families whose income is at or below 200 percent of the official poverty guideline.

Funding for family planning services for these individuals is located in non-GRF line item 400-624, TANF Family Planning (Fund 5C1). The source of revenue for this line item is an ISTV transfer from Department of Job and Family Services line item 600-410, TANF State, to State Special Revenue Fund 5C1 in the Department of Health. The budget act defines "poverty guideline" as the "official poverty guideline as revised annually by the United States Secretary of Health and Human Services in accordance with section 673 of the Community Services Block Grant Act, 95 Stat. 511 (1981), 42 U.S.C.A. 9902, as amended."

HIV/AIDS AND OTHER SEXUALLY TRANSMITTED DISEASES

AIDS Drug Assistance Program (ADAP)

During recent years, the advances in drug technology have caused individuals with HIV or AIDS to live longer lives. New medications tend to be expensive and need to be used in combinations, commonly known as drug cocktails, to be most effective. Under Title II of the federal Ryan White CARE Act, states are provided with moneys to fund a variety of programs including the AIDS Drug Assistance Program (ADAP). All 50 states, plus the District of Columbia, Puerto Rico, Guam, and the Virgin Islands, have a federally funded ADAP. The majority of states, Ohio included, also provide additional state dollars for this program.

In October 2000, the Ryan White CARE Act was reauthorized through September 2005. Amendments to the law included the creation of an ADAP supplemental grant program, which will set aside three percent of each year's entire federal ADAP earmark for states with ADAPs in severe need. According to the National ADAP Monitoring Project Annual Report (March 2001), severe need is indicated by such measures as capped program enrollment, treatment access restrictions, and income eligibility thresholds.

For Ryan White FY 2000 (April 1, 1999 to March 31, 2000), the estimated ADAP budget in Ohio was $13.3 million. Of that amount, 38.4 percent, or $5.1 million was contributed by the state. The remaining $8.2 million was federal funds. By comparison, in Ryan White FY 1999, the state provided $5.2 million. In June 2000, the ADAP serviced 1,260 individuals, compared to 1,085 people in June 1999, a 16 percent increase. In order to contain costs, as of September 2000 the state had reduced the ADAP formulary.

Am. Sub. H.B. 94 includes an earmark of $6.7 million in FY 2002 and $7.1 million in FY 2003 in GRF line item 440-444, AIDS Prevention and Treatment, to assist persons with HIV/AIDS in acquiring HIV-related medications.

Other STDs

An earmark to GRF line item 440-446, Infectious Disease Prevention, provides $200,000 in each fiscal year to be used by the department to purchase drugs for sexually transmitted diseases.

ABSTINENCE-ONLY EDUCATION

Federal Funding

Earmarking language is included for line item 440-601, Maternal Child Health Block Grant (Fund 320) for the purposes of abstinence-only education. Of the total appropriation in this line item of $32.7 million in FY 2002 and $34.3 million in FY 2003, $2,091,299 is to be used for abstinence-only education. The Department of Health must develop guidelines pursuant to Title V of the "Social Security Act," 42 U.S.C.A. 510. The funded programs are to include, but not be limited to, advertising campaigns and direct training in schools and other locations.

Non-Federal Funding

In addition to the funding from the Maternal Child Health Block Grant, Am. Sub. H.B. 94 contains an additional $500,000 per fiscal year for abstinence-only education. This money is appropriated in line item

440-611, Title XX Transfer (Fund 3W5). The source of funds for this line item is Title XX dollars transferred from the Department of Job and Family Services to the Department of Health. Although federal funding is available for abstinence-only education, organizations receiving funding are required to provide a local match for the federal funds. The dollars contained in line item 440-611 are intended to serve as "local match" for the federal abstinence dollars. According to the department, the number and size of individual grants shouldn't change as a result of the Title XX funding. Instead, local entities will not be required to use their own funds to provide the match. The department plans to fund 28 abstinence education programs, with the size of awards ranging from $26,918 to $150,000.

IMMUNIZATIONS

The budget includes a GRF appropriation in line item 440-418, Immunizations, totaling $9.3 million in FY 2002 and $9.5 million in FY 2003. Of this total, $150,000 is earmarked in each fiscal year for two specific purposes.

Hepatitis B

First, $125,000 per fiscal year must be used to provide vaccinations for Hepatitis B to all qualified underinsured students in the seventh grade who have not been previously immunized. For adolescents aged 11 through 19, the cohort covered by the earmark, the Hepatitis B vaccine consists of a series of three doses given at one and six months after the initial inoculation. According to the U.S. Centers for Disease Control and Prevention vaccine price list (http://www.cdc.gov/nip/vfc/cdc_vaccine_price_list.htm), a single dose of Hepatitis B vaccine costs $9 with the government discount, or $27 for the full three-injection series. As a result of the earmark, approximately 4,630 seventh graders could receive the three-shot series in each fiscal year.

Pneumococcal Disease

Second, up to $25,000 per fiscal year is to be used to provide vaccinations for pneumococcal disease for children between the ages of two and five. Infections falling under the umbrella of pneumococcal disease include ear infections, pneumonia, and meningitis. The vaccination for pneumococcal disease is marketed as Prevnar. According to the U.S. Centers for Disease Control and Prevention vaccine price list, a single dose of Prevnar costs $45.99 with the government discount. The recommended vaccine schedule for infants includes four doses given at the following ages: 2 months, 4 months, 6 months, and 12-15 months.

The earmark, however, only covers children between the ages of two and five. According to the official website for Prevnar (http://www.prevnar.com/parent_dosing.htm) for children aged 24 months through 9 years, only one dose is given. As a result of the earmark, up to approximately 544 children in each fiscal year could receive the vaccination.

ANIMAL BORNE DISEASES

With the continued problem of rabies in the state and the added concern of new problems like West Nile Virus, animal borne disease prevention is an important activity performed by the department. The main source of funding for these activities is located in GRF appropriation item 440-407, Animal Borne Disease and Prevention. The appropriation amount for this line item in the FY 2002-2003 biennium is $2.6 million in each fiscal year. In FY 2002, the appropriation represents a misleading increase of 1,050.8 percent over actual FY 2001 spending. The large increase in this line item is a result of funding rabies prevention activities in this line item in the current biennium.

Rabies

In the previous biennium, rabies activities were funded in non-GRF line item 440-624, Health Services (Fund 5E1). Actual FY 2001 spending in that line item was $2.0 million. If the 440-624 spending is removed from FY 2002 appropriations in 440-407, the increase becomes a sizable 166.4 percent. This is still much less, however, than the 1,000+ percent increase. The source of funding for item 440-624 was a transfer from Job and Family Services Fund 5C9 to DOH Fund 5E1. The funds in 5C9 are achieved from Ohio's Institutions for Mental Diseases Disproportionate Share program (IMD DSH). This program covers the federal requirement of providing additional payments to hospitals that provide a disproportionate share of uncompensated services to persons who are medically indigent. For FYs 2002 and 2003, no DSH funds are available to be transferred to Fund 5E1. Therefore, rabies prevention activities are funded with GRF funds in the current biennium.

According to the department, in 2000 there were 52 rabies-positive bats identified in the state in 27 counties. For the first time since 1995, however, there were no raccoon-strain rabies cases.

Encephalitis and West Nile Virus

In addition to the over $2 million for rabies activities, appropriations in 440-407 will allow the department to continue dealing with issues ranging from fly infestations around the Buckeye Egg Farm and encephalitis. Additionally, the department plans to hire an entomologist to deal with the West Nile virus problem. On August 1, 2001, the state had its first confirmed case of West Nile virus carried by a blue jay in Lake County. According to the U.S. Geological Survey National Wildlife Health Center, Lake County was the farthest west the virus had been identified in the United States. In addition to Department of Health activities, an earmark to Department of Agriculture GRF appropriation item 700-401, Animal Disease Control, allows those funds to be used for detection, prevention, and education of the public about West Nile virus, in addition to mad cow and foot and mouth diseases.

DISCONTINUED LINE ITEMS

Services to State Employees

In previous years, administrative expenses for the Employee Health program were funded in GRF line item 440-457, Services to State Employees. Actual FY 2001 expenditures in this line item were $126,375. During calendar year 2000, this program had almost 140,000 visits from state of Ohio employees. Am. Sub. H.B. 94 eliminated the GRF funding for this program. Administrative costs will now be paid for from Fund 142 (GSF line item 440-618, General Operations) and Fund 211 and the costs will be spread among building management in all the buildings operating employee health programs.

Osteoporosis Awareness

GRF line item 440-402, Osteoporosis Awareness, had been used by the department's Office of Women's Health Initiatives to implement an osteoporosis awareness program. Actual spending from this line item in the previous biennium was $57,067 in FY 2000 and $29,556 in FY 2001. There is no GRF funding for this program in Am. Sub. H.B. 94.

Birth Defects Information System Funding Veto

Sub. H.B. 534 of the 123rd G.A. established the framework for a birth defects information system in Ohio. Under the language contained in that bill, the department is only required to implement the system if funds for that purpose are available. Am. Sub. H.B. 94 would have earmarked GRF appropriation item 440-507, Cystic Fibrosis, $50,000 in each fiscal year to begin implementation of the birth defects information system.

The Governor vetoed this provision, stating in his veto message that "the amount of money earmarked for this program is inadequate to sufficiently administer such a system. Additionally, removed $50,000 per year from this line would take away money for medical care needed by Ohioans with cystic fibrosis. Therefore, this veto is in the public interest." The veto does not affect the amount of appropriations contained in 440-507.

Health Care Workforce Shortage Task Force

The budget establishes the Health Care Workforce Shortage Task Force, which will be chaired by the Director of Health. This group will study the shortage of health care professionals and health care workers in the health care workforce and propose a state plan to address the problem. The bill outlines five activities to be performed by the task force and requires the panel to submit a report of its findings to the majority and minority leaders in both chambers of the General Assembly no later than July 1, 2002.

Consolidation of GRF Appropriation Item 440-453

In Am. Sub. H.B. 94, appropriation authority in GRF line item 440-453, Health Care Facility Protection and Safety, increases by 51.1 percent in FY 2002 over FY 2001 actual spending. The main cause of this increase is due to the fact that three other line items were eliminated and funding for those programs shifted into 440-453. Additionally, the portion of line item 440-453 that had historically been used for local environmental health activities was moved to new GRF line item 440-454, Local Environmental Health. The following table compares FY 2001 spending to FY 2002 appropriations for the five line items in question.

Line Item	FY 2001	FY 2002	% Change
440-430	$1,830,042	N/A	N/A
440-439	$2,780,465	N/A	N/A
440-445	$586,913	N/A	N/A
SUBTOTAL	**$5,197,420**	**N/A**	**N/A**
440-453	$8,126,541	$12,279,643	51.1 % increase
440-454	N/A	$1,224,690	N/A
TOTAL	**$13,323,961**	**$13,504,333**	**1.35% increase**

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

DOH Health, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	440-402	Osteoporosis Awareness	$ 102,055	$ 57,067	$29,556	$ 0	-100.00%	$ 0	N/A
GRF	440-406	Hemophilia Services	$ 1,181,105	$ 1,394,400	$1,259,853	$ 1,212,035	-3.80%	$ 1,212,035	0.00%
GRF	440-407	Animal Borne Disease and Prevention	$ 231,781	$ 228,144	$226,288	$ 2,604,216	1,050.84%	$ 2,559,323	-1.72%
GRF	440-408	Board of Examiners of Nursing Home A	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	440-412	Cancer Incidence Surveillance System	$ 278,510	$ 683,803	$1,017,937	$ 885,493	-13.01%	$ 1,087,612	22.83%
GRF	440-413	Ohio Health Care Policy & Data	$ 1,181,661	$ 3,137,713	$3,130,104	$ 3,011,105	-3.80%	$ 3,109,842	3.28%
GRF	440-416	Child & Family Health Services	$ 8,997,369	$ 10,924,203	$11,644,719	$ 11,265,522	-3.26%	$ 10,725,849	-4.79%
GRF	440-418	Immunizations	$ 6,492,109	$ 4,543,508	$9,252,693	$ 9,262,417	0.11%	$ 9,472,266	2.27%
GRF	440-419	Sexual Assault Prevention and Intervent	$ 0	----		$ 49,250	N/A	$ 49,250	0.00%
GRF	440-424	Kid's Card	$ 0	$ 13,540	$340,174	$ 0	-100.00%	$ 0	N/A
GRF	440-426	Medicare Balance Billing	$ 111,738	$ 51		$ 0	N/A	$ 0	N/A
GRF	440-427	Water Lines	----	$ 50,000		$ 0	N/A	$ 0	N/A
GRF	440-430	Adult Care Facilities	$ 1,700,583	$ 1,859,040	$1,830,042	$ 0	-100.00%	$ 0	N/A
GRF	440-439	Nursing Home Survey and Certification	$ 2,670,094	$ 3,065,202	$2,780,465	$ 0	-100.00%	$ 0	N/A
GRF	440-444	AIDS Prevention and Treatment	$ 5,342,572	$ 8,685,679	$7,044,751	$ 9,004,969	27.83%	$ 9,334,360	3.66%
GRF	440-445	Nurse Aide Program	$ 597,780	$ 517,036	$586,913	$ 0	-100.00%	$ 0	N/A
GRF	440-446	Infectious Disease Prevention	$ 0	----		$ 633,179	N/A	$ 639,552	1.01%
GRF	440-451	Public Health Prevention Programs	$ 6,926,062	$ 6,181,265	$7,525,546	$ 7,592,813	0.89%	$ 7,104,061	-6.44%
GRF	440-452	Child & Family Healthcare Operations	$ 1,234,464	$ 861,139	$1,088,245	$ 1,297,193	19.20%	$ 1,300,648	0.27%
GRF	440-453	Health Care Facility Protection and Safe	$ 6,148,144	$ 5,180,375	$8,126,541	$ 12,279,643	51.11%	$ 12,472,837	1.57%
GRF	440-454	Local Environmental Health	$ 0	$ 0		$ 1,224,690	N/A	$ 1,226,152	0.12%
GRF	440-457	Services to State Employees	$ 130,136	$ 137,088	$126,375	$ 0	-100.00%	$ 0	N/A
GRF	440-458	Health Care Policy & Regulation	$ 1,867,375	$ 29,172		$ 0	N/A	$ 0	N/A
GRF	440-459	Help Me Grow	$ 8,486,466	$ 11,711,727	$12,537,394	$ 12,312,500	-1.79%	$ 12,312,500	0.00%
GRF	440-461	Vital Statistics	$ 3,521,449	$ 3,534,353	$3,648,760	$ 3,833,206	5.06%	$ 3,805,474	-0.72%
GRF	440-501	Local Health Districts	$ 3,962,794	$ 5,998,672	$2,029,984	$ 3,931,244	93.66%	$ 3,931,244	0.00%
GRF	440-504	Poison Control Network	$ 604,974	$ 418,156	$476,568	$ 382,180	-19.81%	$ 382,180	0.00%
GRF	440-505	Medically Handicapped Children	$ 12,238,668	$ 9,438,637	$10,446,085	$ 7,519,584	-28.02%	$ 7,427,766	-1.22%
GRF	440-506	Tuberculosis	$ 194,550	$ 199,025	$258,523	$ 0	-100.00%	$ 0	N/A

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DOH Health, Department of									
GRF	440-507	Cystic Fibrosis	$ 633,277	$ 560,193	$776,748	$ 805,859	3.75%	$ 805,859	0.00%
GRF	440-508	Migrant Health	$ 106,086	$ 141,993	$128,471	$ 118,955	-7.41%	$ 116,278	-2.25%
GRF	440-509	Health Services Agencies	$ 519,000	$ 300,000	$150,000	$ 0	-100.00%	$ 0	N/A
GRF	440-510	Arthritis Care	$ 324,516	$ 301,949	$339,582	$ 73,875	-78.25%	$ 73,875	0.00%
General Revenue Fund Total			**$ 75,785,318**	**$ 80,153,130**	**$ 86,802,316**	**$ 89,299,929**	**2.88%**	**$ 89,148,963**	**-0.17%**
211	440-613	Central Support Indirect Costs	$ 20,062,320	$ 22,076,683	$23,208,557	$ 25,527,855	9.99%	$ 26,149,512	2.44%
142	440-618	General Operations	$ 1,729,347	$ 3,344,920	$2,558,544	$ 2,764,557	8.05%	$ 2,892,340	4.62%
473	440-622	Lab Operating Expenses	$ 2,636,100	$ 2,685,407	$3,411,491	$ 4,006,440	17.44%	$ 4,154,045	3.68%
683	440-633	Employee Assistance Program	$ 851,106	$ 926,934	$936,373	$ 1,017,408	8.65%	$ 1,062,965	4.48%
698	440-634	Nurse Aide Training	$ 65,682	$ 184,594	$88,989	$ 240,000	169.70%	$ 265,808	10.75%
5C1	440-642	TANF Family Planning	----	$ 215,575	$259,375	$ 255,500	-1.49%	$ 261,888	2.50%
General Services Fund Group Total			**$ 25,344,555**	**$ 29,434,113**	**$ 30,463,329**	**$ 33,811,760**	**10.99%**	**$ 34,786,558**	**2.88%**
320	440-601	Maternal Child Health Block Grant	$ 25,328,387	$ 25,907,864	$25,018,892	$ 32,702,100	30.71%	$ 34,335,562	4.99%
387	440-602	Preventive Health Block Grant	$ 9,028,480	$ 7,886,897	$7,817,106	$ 9,278,173	18.69%	$ 9,278,173	0.00%
389	440-604	Women, Infants, and Children	$ 168,898,388	$ 169,155,369	$174,029,008	$ 185,850,000	6.79%	$ 195,142,500	5.00%
391	440-606	Medicaid/Medicare	$ 16,532,927	$ 19,066,729	$18,762,060	$ 24,297,017	29.50%	$ 25,778,700	6.10%
392	440-618	General Operations	$ 50,286,134	$ 55,180,572	$57,818,854	$ 74,384,890	28.65%	$ 77,720,166	4.48%
Federal Special Revenue Fund Group Total			**$ 270,074,316**	**$ 277,197,431**	**$ 283,445,920**	**$ 326,512,180**	**15.19%**	**$ 342,255,101**	**4.82%**
4T4	440-603	Child Highway Safety	$ 95,814	$ 163,161	$136,750	$ 224,855	64.43%	$ 233,894	4.02%
666	440-607	Medically Handicapped Children - Coun	$ 6,694,120	$ 8,385,312	$9,999,005	$ 14,039,889	40.41%	$ 14,039,889	0.00%
4D6	440-608	Genetics Services	$ 2,301,579	$ 1,456,148	$1,759,772	$ 2,725,894	54.90%	$ 2,799,641	2.71%
4L3	440-609	Miscellaneous Expenses	$ 162,646	$ 212,769	$129,123	$ 257,548	99.46%	$ 258,570	0.40%
4F9	440-610	Sickle Cell Disease Control	$ 727,638	$ 542,422	$635,154	$ 1,010,091	59.03%	$ 1,035,344	2.50%
3W5	440-611	Title XX Transfer	----	----		$ 500,000	N/A	$ 500,000	0.00%
5C0	440-615	Alcohol Testing and Permit	$ 753,381	$ 708,859	$947,913	$ 1,395,439	47.21%	$ 1,455,405	4.30%
5B5	440-616	Quality, Monitoring, and Inspection	$ 7,369	$ 513,966	$483,447	$ 802,502	66.00%	$ 838,479	4.48%
470	440-618	General Operations	$ 8,065,782	$ 9,384,527	$9,520,243	$ 12,364,273	29.87%	$ 12,941,359	4.67%
471	440-619	Certificate of Need	$ 165,999	$ 233,615	$283,162	$ 352,598	24.52%	$ 370,524	5.08%
5D6	440-620	Second Chance Trust	$ 107,641	$ 220,887	$250,399	$ 831,924	232.24%	$ 852,723	2.50%
5L1	440-623	Nursing Facility Technical Assistance P	----	----	$37,188	$ 1,080,000	2,804.17%	$ 1,157,150	7.14%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DOH	***Health, Department of***								
5E1	440-624	Health Services	$ 7,213,715	$ 3,954,118	$2,001,309	$ 0	-100.00%	$ 0	N/A
610	440-626	Radiation Emergency Response	$ 634,912	$ 767,599	$703,024	$ 870,505	23.82%	$ 923,315	6.07%
477	440-627	Medically Handicapped Children Audit	$ 749,044	$ 1,095,087	$2,282,860	$ 4,400,452	92.76%	$ 4,640,498	5.46%
4G0	440-636	Heirloom Birth Certificate	$ 0	$ 1,000		$ 1,000	N/A	$ 1,000	0.00%
4G0	440-637	Birth Certificate Surcharge	----	$ 0		$ 5,000	N/A	$ 5,000	0.00%
4V6	440-641	Save Our Sight	----	$ 660,444	$996,161	$ 1,232,421	23.72%	$ 1,266,900	2.80%
State Special Revenue Fund Group Total			**$ 27,679,640**	**$ 28,299,914**	**$ 30,165,510**	**$ 42,094,391**	**39.54%**	**$ 43,319,691**	**2.91%**
R48	440-625	Refunds, Grants Reconciliation, & Audit	$ 9,773	$ 0	$327	$ 20,000	6,016.21%	$ 20,000	0.00%
R23	440-630	Board of Examiners of Nursing Home A	$ 0	----		----	N/A	----	N/A
R14	440-631	Vital Statistics	$ 45,278	$ 26,310	$40,869	$ 49,000	19.90%	$ 49,000	0.00%
Holding Account Redistribution Fund Group Total			**$ 55,051**	**$ 26,310**	**$ 41,196**	**$ 69,000**	**67.49%**	**$ 69,000**	**0.00%**
Health, Department of Total			***$ 398,938,880***	***$ 415,110,898***	***$ 430,918,272***	***$ 491,787,260***	***14.13%***	***$ 509,579,313***	***3.62%***

Annual budget appropriation increases slightly to $13,000+ in each fiscal year

Existing operations continue

Current fee structure is maintained

Almost $200 million issued in FY 2001

Ohio Higher Educational Facility Commission

David Price, Senior Analyst

ROLE

The Higher Educational Facility Commission (HEFC) was established in 1968 to help Ohio's independent colleges and universities obtain construction capital at lower costs than might otherwise be available to them.

The commission assists these institutions by financing the construction of their facilities with capital that it has raised through revenue bond issues. The commission in each case enters into an agreement under which the university or college leases the constructed facility from the commission and pays rent to the commission in amounts needed to retire the bonds. Since the commission is an agency of the state of Ohio, the interest paid by the commission to the bondholders is exempt from federal income tax. This tax-free nature of the bonds enables the commission to charge lower financing costs to the institution for the construction of the facilities. The commission indicates that, by these means, it can help sustain the independent colleges and universities at no cost to the state.

The commission is governed by a board of nine members, of whom eight are appointed by the governor and serve eight-year terms. The ninth member is the chancellor of the Board of Regents, who serves permanently. The commission meets on the fourth Wednesday of each month except July and December; at these meetings the applications of the individual independent institutions are submitted for approval.

Although the commission is a state agency with general administrative powers, it has no offices or staff. Its administrative duties are performed by the staff of the Board of Regents, which is reimbursed for travel and other administrative expenses. The Regents' budget itself contains a line item for such reimbursements; its appropriation is normally for the same amount as the HEFC appropriation.

Since 1991 the commission has upon occasion grouped several of the institutions' smaller projects into a pooled bond issue, for administrative convenience. As there is no other difference from the other issues, the amount of capital raised in such issues is routinely included in the reported amount of approved bond issues outstanding.

A table of the amounts of bonds issued in recent years is provided in the next section (Overview).

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
0	$13,000	$14,000	$0	$0	Am. Sub. H.B. 94

OVERVIEW

BUDGET BACKGROUND

The commission's budget has only one line item, ALI 372-601, Operating Expenses, funded by the Agency Fund Group fund 461. The line item's total appropriations for the fiscal years 2000 and 2001 are $13,080 and $13,900, respectively, divided approximately equally between two object classes: personal services and maintenance. This amount of funding will enable the commission to continue its current level of operations. No GRF funds are used.

The appropriated funds for the most part, are paid to the Board of Regents to defray the commission's administrative and meeting expenses, the costs of records storage, and part of the staff salaries of the BOR personnel who handle the commission's affairs.

To cover these expenditures, the commission obtains revenues from the application fees it charges the institutions that apply to the commission for construction financing. The current fee structure consists of a flat $500 application fee and .02 percent of the amount of the bond issuance; this formula is subject to a minimum total fee amount of $1,000 and a maximum amount of $3,000. The commission also receives a small percentage of the bond amounts.

ISSUANCE OF BONDS

In recent years the commission has seen increased bonding activity by the independent colleges and universities, mostly to take advantage of the decline in long-term interest rates in order to either finance new construction or refinance existing debt. Most of the bonds are issued with maturities of between 15 and 30 years, with the majority in the 20- to 25-year range. As of the end of FY 2001, the amount of total debt outstanding was $1.131 billion. A summary of the past five fiscal years' issuance activity is as follows.

Fiscal year	Number of Issues	Total bond amount issued
1995	5	$37,915,000
1996	2	10,420,000
1997	8	167,870,000
1998	6	130,508,449
1999	10	199,584,871
2000	6	156,470,000
2001	7	192,545,000
7 years' total	**44**	**$895,313,320**
Bonds outstanding, EOFY 2001		**$1,131,448,706**

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
HEF Higher Educational Facility Commission, Ohio							
461 372-601 Operating Expenses	$ 2,744	$ 2,982	$8,310	$ 13,080	57.40%	$ 13,900	6.27%
Agency Fund Group Total	**$ 2,744**	**$ 2,982**	**$ 8,310**	**$ 13,080**	**57.40%**	**$ 13,900**	**6.27%**
Higher Educational Facility Commission, Ohio Total	***$ 2,744***	***$ 2,982***	***$ 8,310***	***$ 13,080***	***57.40%***	***$ 13,900***	***6.27%***

- The population served has grown 50% since the Commission's inception in 1977.
- A new director and legislative liaison have been hired.

Commission on Hispanic/ Latino Affairs

Wendy Risner, Budget Analyst

ROLE

The Commission on Hispanic/Latino Affairs was created in 1977. Its purpose is to serve as an advocate for Hispanic persons in Ohio and to help develop policies and plans to meet the needs of the Hispanic community. The commission is also a resource to the general public, business, the General Assembly, and other governmental agencies, as well as non-profit or educational organizations that are seeking information about Ohio's Hispanic community.

The commission has three full-time staff: a director, legislative liaison, and secretary. The commission has three primary goals: 1) to promote actions and programs that will address academic achievement of Hispanic students, 2) to continue and enhance Hispanic leadership development efforts, and 3) to promote economic development and employment in the Hispanic community.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
3	$216,000	$221,000	$207,000	$212,000	Am. Sub. H.B. 94

OVERVIEW

The Commission on Hispanic/Latino Affairs received $436,730 for the biennium. The commission received $444,226 for the previous biennium. This represents a decrease in funding of approximately 1.7 percent for total appropriations. GRF appropriations are $419,548 for this biennium and were $427,817 for the previous biennium. This represents a decrease in funding of 1.9 percent.

The commission is becoming unable to meet all of its constituents' requests as the population served has grown more than 50 percent since the commission was established in 1977. The agency is considering using grant writing and fund-raising to help support important projects. The commission is also considering using corporate sponsors for various events and conferences.

BUDGET ISSUES

COMMISSION ON HISPANIC/LATINO AFFAIRS PROGRESS REVIEW

The commission is required to submit to the ranking minority member of the Human Services Subcommittee of the Finance and Appropriations Committee of the House of Representatives a report that demonstrates the progress that has been made toward meeting the commission's mission statement. This report must be submitted no later than December 31, 2001. There may be minimal fiscal effects due to the preparation of the report.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**			*Version:* **Enacted**						
SPA Hispanic / Latino Affairs, Commission on									
GRF	148-100	Personal Services	$ 147,800	$ 172,385	$130,044	$ 168,594	29.64%	$ 173,364	2.83%
GRF	148-200	Maintenance	$ 37,849	$ 37,392	$36,596	$ 35,284	-3.58%	$ 35,215	-0.20%
GRF	148-300	Equipment	$ 3,488	$ 0		$ 3,593	N/A	$ 3,499	-2.63%
General Revenue Fund Total			**$ 189,137**	**$ 209,777**	**$ 166,639**	**$ 207,471**	**24.50%**	**$ 212,077**	**2.22%**
601	148-602	Gifts & Miscellaneous	$ 0	$ 5,719	$5,137	$ 8,485	65.16%	$ 8,697	2.50%
General Services Fund Group Total			**$ 0**	**$ 5,719**	**$ 5,137**	**$ 8,485**	**65.16%**	**$ 8,697**	**2.50%**
Hispanic / Latino Affairs, Commission on Total			***$ 189,137***	***$ 215,496***	***$ 171,777***	***$ 215,956***	***25.72%***	***$ 220,774***	***2.23%***

- $1.96 million appropriated for local historical projects
- $3.4 million appropriated for Ohio Bicentennial Commission

Ohio Historical Society

Sean S. Fouts, Budget Analyst

ROLE

The Ohio Historical Society (OHS) is a chartered, not-for-profit corporation that receives state subsidies to manage historical sites. It has operated continuously since 1885. In accordance with Ohio Revised Code section 149.30, the society's mission is "to promote a knowledge of history and archeology, especially for Ohio." Services provided to the state include administering the state's historic preservation office and operating a network of historic sites and museums. An 18-member OHS Board of Trustees governs the agency's activities. OHS employs a staff of approximately 402 persons.

In addition to operating historical sites, OHS maintains the state archives. H.B. 649 of the 122nd G.A. also entrusted the Society with storing extra copies of legislative documents. Much of the state archives is accessible through the Society's website. In fact, the Society received approximately 3.5 million records of usage of their online archives last year. There has also been an increase in visitors to the library and huge demand for extending operating hours for the library. The Society is investigating methods of providing more access.

Agency In Brief

Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
402	$15.9 million	$15.7 million	$15.9 million	$15.7 million	Am. Sub. H.B. 94

OVERVIEW

The Society was appropriated $15,927,127 in FY 2002 and $15,670,846 in FY 2003. The FY 2002 amount represents an increase of 2.2 percent above FY 2001 expenditures. The FY 2003 amount represents a decrease of 1.6 percent from FY 2002. Of the $15.9 million appropriated in FY 2002, $1,092,425 is earmarked for local historical projects. Of the $15.7 million appropriated in FY 2003, $865,875 is earmarked for local historical projects. These projects are managed by entities other than the Ohio Historical Society. When these appropriations for local historical projects are excluded, the subsidies for the Society are $14,834,701 in FY 2002 and $14,804,969 in FY 2003. The FY 2002 amount represents a 1.4 percent decrease compared to FY 2001 levels used solely for the Society's operations.

BUDGET ISSUES

OHIO BICENTENNIAL PREPARATIONS

As we approach Ohio's bicentennial in 2003, the Ohio Bicentennial Commission also continues planning activities to commemorate the bicentennial. The commission is a separate entity. The Ohio Historical Society acts as the commission's fiscal agent. The commission consists of 51 members and was established by statute in 1995. The commission has established a historical marker program and a program to paint the bicentennial emblem on a barn in each of Ohio's 88 counties.

The Ohio Bicentennial Commission was appropriated $1,723,750 in each fiscal year.

OPERATING SUBSIDY

Temporary language requires the Historical Society to submit detailed budget information to the Controlling Board before receiving the second quarterly payment for FY 2002 of GRF item 360-501, Operating Subsidy. That amount totals $931,880. The submitted budget must contain current and projected costs of operating each state memorial by category and the sources and amounts of non-state income used at each site. Also, the Controlling Board is required to consult with the Ohio Historic Preservation Advisory Board to determine whether or not the Historical Society's submitted plan adequately meets the state's goals of historic preservation prior to releasing the moneys.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

OHS Historical Society, Ohio

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	360-501	Operating Subsidy	$ 3,784,893	$ 3,871,946	$3,855,426	$ 3,727,519	-3.32%	$ 3,758,806	0.84%
GRF	360-502	Site Operations	$ 7,070,087	$ 7,713,699	$7,596,345	$ 7,359,698	-3.12%	$ 7,346,960	-0.17%
GRF	360-503	Ohio Bicentennial Commission	$ 485,000	$ 1,271,155	$1,171,821	$ 1,723,750	47.10%	$ 1,723,750	0.00%
GRF	360-504	Ohio Preservation Office	$ 338,717	$ 418,507	$414,020	$ 394,566	-4.70%	$ 377,948	-4.21%
GRF	360-505	Afro-American Museum	$ 1,088,566	$ 1,113,603	$1,106,119	$ 1,034,088	-6.51%	$ 1,015,181	-1.83%
GRF	360-506	Hayes Presidential Center	$ 734,339	$ 751,229	$746,180	$ 697,580	-6.51%	$ 684,824	-1.83%
GRF	360-507	John P. Parker House	$ 0	----		----	N/A	----	N/A
GRF	360-508	Historical Grants	$ 606,250	$ 3,017,000	$600,000	$ 989,925	64.99%	$ 763,375	-22.89%
GRF	360-511	Battle Flags Restoration	----	$ 125,000	$93,750	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 14,107,852**	**$ 18,282,139**	**$ 15,583,661**	**$ 15,927,127**	**2.20%**	**$ 15,670,846**	**-1.61%**
Historical Society, Ohio Total			***$ 14,107,852***	***$ 18,282,139***	***$ 15,583,661***	***$ 15,927,127***	***2.20%***	***$ 15,670,846***	***-1.61%***

- Total appropriations are increased 11.3% in FY 2002 and 4.5% in FY 2003

House of Representatives

Nelson D. Fox, Senior Analyst

ROLE

The role of the House of Representatives, in conjunction with the Ohio Senate, is to enact the laws of the state, the authority for which is provided in the Ohio Constitution. The House considers bills, which may alter or create state law, as well as resolutions that are formal expressions of the wishes and opinions of the legislature.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
353[8]	$20.0 million	$20.6 million	$18.4 million	$19.3 million	Am. Sub. H.B. 94

OVERVIEW

Accounting for the 1.5 percent reduction in GRF appropriations provided for in the budget act, total funding for FY 2002 is $19,695,762, an 11.3 percent increase over FY 2001 spending of $17,694,807. Total FY 2003 appropriations are $20,590,534, a 4.5 percent increase over FY 2002 levels. About 93 percent of funding is derived from the GRF, which pays for salaries and other operating expenses; the remaining 7 percent consists of funds within the General Services Fund (GSF) group. These funds contain refunds from the Department of Administrative Services (DAS) for medical insurance premium overpayments made on behalf of House members, amounts received from the salvage of equipment, and the sale of flags, insignia, and similar memorabilia.

[8] This figure is an approximate number and includes House members, in addition to aides and pages.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

REP House of Representatives

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	025-321	Operating Expenses	$ 14,781,488	$ 17,112,986	$17,571,805	$ 18,374,272	4.57%	$ 19,269,044	4.87%
GRF	025-401	Agency Rule Review	$ 0	----		----	N/A	----	N/A
General Revenue Fund Total			**$ 14,781,488**	**$ 17,112,986**	**$ 17,571,805**	**$ 18,374,272**	**4.57%**	**$ 19,269,044**	**4.87%**
103	025-601	House Reimbursement	$ 730,106	$ 595,737	$99,922	$ 1,287,500	1,188.50%	$ 1,287,500	0.00%
4A4	025-602	Miscellaneous Sales	$ 12,869	$ 19,349	$23,080	$ 33,990	47.27%	$ 33,990	0.00%
General Services Fund Group Total			**$ 742,975**	**$ 615,086**	**$ 123,002**	**$ 1,321,490**	**974.37%**	**$ 1,321,490**	**0.00%**
House of Representatives Total			***$ 15,524,463***	***$ 17,728,072***	***$ 17,694,807***	***$ 19,695,762***	***11.31%***	***$ 20,590,534***	***4.54%***

- OIC considering a paperless imaging process system
- OIC has no backlog of claims

Ohio Industrial Commission

Sean S. Fouts, Budget Analyst

ROLE

The Ohio Industrial Commission (OIC) hears worker and employer appeals of workers' compensation claims decisions made by the Bureau of Workers' Compensation (BWC). Disputed claims typically involve conflicts over medical decisions or lost time benefits. OIC operations are funded through an Administrative Cost Fund (ACF) assessment that is added to employers' workers' compensation premiums. OIC does not receive general revenue funds.

Hearings take place at three levels. Initial hearings take place before district hearing officers, and if disputes remain, at a second level before staff hearing officers. District and staff level hearings take place at OIC offices located throughout the state, and must occur within 52 days after a claimant or employer files an appeal with the commission. Any remaining disputes are referred to a three-member panel of commissioners in Columbus, that may take up any cases it believes warrant further review. Otherwise, cases proceed to the court system.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
571	$57.0 million	$60.0 million	$0	$0	Sub. H.B. 74

OVERVIEW

Since 1996, total staffing levels at the commission have fallen from 643 in 1996 to 571 presently. This decline was realized in part because of attrition, and also because the OIC was no longer required to retain staff at all BWC service centers.

The total number of hearings held between 1996 and 2000 dropped from 231,733 to an estimated 184,000, a 20.6 percent decrease in workload. OIC has a mandate to hear claims and issue an order at the district level within 52 days. If this decision is appealed, OIC has another 52 days to conduct the second level hearing and issue an order. OIC has compiled a 94 percent compliance rate at the district hearing officer level and a 92 percent compliance rate at the staff hearing officer level.

Line Item Detail by Agency

Report For: **OIC Budget** *Version:* **Enacted**

OIC Ohio Industrial Commission

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
023	845-100	Personal Services	$ 0	----		----	N/A	----	N/A
023	845-200	Maintenance	$ 0	----		----	N/A	----	N/A
023	845-300	Equipment	$ 0	----		----	N/A	----	N/A
023	845-321	Operating Expenses	$ 38,750,234	$ 40,216,494	$40,523,001	$ 48,397,439	19.43%	$ 51,055,568	5.49%
023	845-402	Rent-William Green Building	$ 4,386,886	$ 4,591,819	$4,729,465	$ 5,165,116	9.21%	$ 5,331,698	3.23%
023	845-410	Attorney General Payments	$ 2,551,421	$ 2,955,394	$3,020,270	$ 3,264,855	8.10%	$ 3,454,984	5.82%
821	845-605	Service Account	$ 33,817	$ 86,309	$102,369	$ 153,300	49.75%	$ 157,133	2.50%
Workers' Compensation Fund Group Total			**$ 45,722,358**	**$ 47,850,016**	**$ 48,375,104**	**$ 56,980,710**	**17.79%**	**$ 59,999,383**	**5.30%**
Ohio Industrial Commission Total			***$ 45,722,358***	***$ 47,850,016***	***$ 48,375,104***	***$ 56,980,710***	***17.79%***	***$ 59,999,383***	***5.30%***

- $100,000 available each fiscal year for special investigations by controlling board approval
- GRF appropriations increase 5.3% from fiscal year 2002 to fiscal year 2003

Inspector General

Jonathan Lee, Budget Analyst

Role

The Office of Inspector General (IG) investigates fraud, waste, abuse, and corruption within the executive branch of state government. Complaints received by the office are reviewed and evaluated to determine whether there is reasonable cause to believe the underlying allegations, if true, would constitute a "wrongful act or omission" on the part of a state officer, agency, or employee.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
7	$721,000	$754,000	$621,000	$654,000	Am. Sub. H.B. 94

Overview

The Inspector General's total budget decreased by 2.1 percent from FY 2001 to FY 2002, although compared to FY 2001 actual expenditures, FY 2002 appropriations are 2.9 percent higher. The Inspector General was appropriated $1,476,923 for the FY 2000-2001 biennium but actual expenditures totaled $1,463,415 a difference of $13,508. Appropriations increase by 4.6 percent from FY 2002 to FY 2003. For the FY 2002-2003 biennium, the Inspector General requested $1,913,195, but received $1,474,798.

Due to reduced biennial funding, the Inspector General's office will have to restructure its internal operations to accommodate the budget cuts. The Inspector General will have to prioritize office needs by determining whether to hire additional employees, replace an overloaded server, purchase a new vehicle, or update office computers. Recently, IG investigations have demanded a disproportionate amount of available resources. An increase in complaints present the IG with difficulty in accomplishing the primary mission of the office to investigate wrongdoing and to do so in a timely fashion. The increased complaints have also posed difficulties in dedicating any resources to pro-active or preventative educational efforts.

Am. Sub. H.B. 94 permits the Inspector General the use of up to $100,000 in each fiscal year for special investigations. The $100,000 is from the Controlling Board's Contingency/Emergency Purposes line.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
IGO Inspector General							
GRF 965-321 Operating Expenses	$ 500,206	$ 688,605	$602,977	$ 620,879	2.97%	$ 653,919	5.32%
General Revenue Fund Total	**$ 500,206**	**$ 688,605**	**$ 602,977**	**$ 620,879**	**2.97%**	**$ 653,919**	**5.32%**
4Z3 965-602 Special Investigations	----	$ 74,357	$97,476	$ 100,000	2.59%	$ 100,000	0.00%
General Services Fund Group Total	**----**	**$ 74,357**	**$ 97,476**	**$ 100,000**	**2.59%**	**$ 100,000**	**0.00%**
Inspector General Total	***$ 500,206***	***$ 762,962***	***$ 700,453***	***$ 720,879***	***2.92%***	***$ 753,919***	***4.58%***

- Total funding is increased by \$1.1 million in FY 2002 (4% above FY 2001 appropriation) \$2.7 million in FY 2003 (9.8% above FY2002).
- In FY 2003, increased funding will be used to upgrade the department's computer system.

Department of Insurance

Ivy Chen, Economist

ROLE

The Department of Insurance (ODI) is responsible for reviewing life, accident, health, managed care, property and casualty insurance policies, forms and rates and ensuring that services and benefits offered by insurance companies are consistent with their advertised policies and delivered in an equitable manner. The department also examines the financial records of insurers, and investigates insurance fraud and consumer complaints. The department is responsible for regulating the financial condition of, and conducting financial examinations for, the 309 domestic insurance companies based and licensed to do business in Ohio, as well as, the 1,573 foreign insurance companies based in another state, but licensed to do business in Ohio.

ODI collects approximately \$365 million of premium taxes and other fees for the General Revenue Fund. The department also annually licenses approximately 11,000 agents and regulates approximately 145,000 agents and 7,800 agencies. In 2000, the department licensed and regulated nearly 1,800 insurance companies operating in the state.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
282	\$27.6 million	\$30.3 million	\$0	\$0	Am. Sub. H.B. 94

OVERVIEW

Except for the Ohio Senior Health Insurance Information Program (OSHIIP), which is partially funded through a federal grant, ODI is funded entirely from revenues generated by fees and assessments paid by the insurance industry. The department does not use the GRF for funding its operations. The budget act sets ODI's total appropriations at \$57.9 million over the FY 2002-2003 biennium. This represents an increase of 18.2 percent over the FY 2000-2001 biennium's spending of \$49.0 million.

ODI's appropriations are \$27,615,790 for FY 2002 and \$30,316,091 for FY 2003. The FY 2002 appropriation is 4.0 percent above FY 2001 appropriations, or approximately 14 percent above FY 2001 actual spending levels. The FY 2003 appropriation is 9.8 percent above the FY 2002 appropriation. Am. Sub. H.B. 94 did not contain any fee increases. Thus, the extra funding for FY 2002 and FY 2003 will come from the available cash reserves in the department's various non-GRF funds.

Budget Issues

Most of the additional funds provided in Am. Sub. H.B. 94 will be used to maintain the FY 2001 increase in staff to 282 full-time employees and to upgrade the department's computer system for the operation of the following five programs within the department: Financial Regulation Services, Investigative and Licensing Services, Policy and Rate Filing Services, Consumer Services, and Administration. Funding of $338,554 in FY 2002 and $385,912 in FY 2003 is provided for the Consumer Services program to maintain current staffing levels, continue reimbursement to volunteer coordinators, maintain printing of current publications, and lease a copier for OSHIIP. In addition, funding of $404,159 in FY 2002 and $1,541,427 in FY 2003 is provided to continue technological progress for the Office of Information and Technology Services in the Administration program.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

INS Insurance, Department of

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
3U5 820-602 OSHIIP Operating Grant	----	$ 323,274	$561,056	$ 400,000	-28.71%	$ 400,000	0.00%
Federal Special Revenue Fund Group Total	**----**	**$ 323,274**	**$ 561,056**	**$ 400,000**	**-28.71%**	**$ 400,000**	**0.00%**
554 820-601 Operating Expenses-OSHIIP	$ 418,193	$ 440,285	$69,573	$ 543,101	680.62%	$ 601,773	10.80%
555 820-605 Examination	$ 4,758,265	$ 5,081,718	$6,068,542	$ 6,581,705	8.46%	$ 6,963,535	5.80%
554 820-606 Operating Expenses	$ 16,879,187	$ 17,104,654	$17,551,158	$ 20,090,984	14.47%	$ 22,350,783	11.25%
State Special Revenue Fund Group Total	**$ 22,055,645**	**$ 22,626,657**	**$ 23,689,273**	**$ 27,215,790**	**14.89%**	**$ 29,916,091**	**9.92%**
Insurance, Department of Total	***$ 22,055,645***	***$ 22,949,931***	***$ 24,250,330***	***$ 27,615,790***	***13.88%***	***$ 30,316,091***	***9.78%***

- JFS appropriation for FY 2002 increases $1.9 billion over FY 2001 spending, with most of the increase being in Medicaid and other health care
- $369 million in TANF funds are earmarked each year for counties
- $221 million in TANF funds is transferred over biennium to other departments

Job and Family Services

Steve Mansfield, Senior Analyst
Ivy Chen, Budget Analyst
Maria Seaman, Budget Analyst

ROLE

The Ohio Department of Job and Family Services (JFS) was formed on July 1, 2000 by the merger of the Department of Human Services and the Bureau of Employment Services. The JFS vision is, through partnerships with local government, to be the nation's premier family support and workforce development system, that contributes to developing skilled, healthy Ohioans, successful businesses, and strong communities. It does this through the direction and supervision of programs that provide health care, employment and economic assistance, child day care, enforcement of child support, and a host of other social services to individuals, families, and children. These services are provided through five major delivery systems: Workforce Development, Child Support, Children and Family Services, Health Care, and Unemployment Insurance. See the appropriate sections for a detailed analysis of the budget of each delivery system.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
3,951	$12,584.8 million	$13,330.9 million	$8,118.2 million	$8,636.8 million	Am. Sub. H.B. 94 Am. Sub. H.B. 299

OVERVIEW

The administration and funding of human service and workforce development programs represent a unique, cooperative partnership between the three levels of government: federal, state, and local. JFS directs and supervises the delivery of human services through a network of local government agencies and several district offices. The direct delivery of these services is administered by a combination of county offices, which includes 88 county departments of job and family services, 50 separate child support enforcement agencies, and 33 separate public children services agencies. Unemployment compensation services and workforce development services are also delivered through a network of county and regional offices, and telephone registration centers. In early 2001, JFS developed a plan for the reorganization of local state offices that would reduce the number of such offices from 71 to 24. According to the department, approximately 3,700 department staff and 20,000 county staff are employed in the delivery of all of these services.

JFS supervises the delivery of services by the counties through a written partnership agreement with each board of county commissioners. The partnership agreement specifies the expectations of county performance and details the state's commitment of support. All 88 county partnership agreements were renewed prior to July 1, 2001.

Under the partnership agreement, each county receives a consolidated allocation of eight different allocation streams from the federal government. The advantage of the single allocation is that is provides counties with greater flexibility in their spending by aggregating the eight funding streams into one single amount with which to operate. The county spends the consolidated funds in the various programs as needed, and JFS employs a cost allocation system to capture and report expenditure information at the grant specific level. When this cost allocation system is employed, if a county exceeds its total allocation, this overage can be balanced with under spending from another county. In FY 2000 the counties collectively exceeded the total consolidated allocation by approximately \$37.1 million. Two counties (Cuyahoga and Hamilton) accounted for \$24.4 million of this excess spending. This excess could not be fully balanced with under spending within the consolidated allocation, and hence was drawn from federal TANF funds that had been transferred to the Social Services Block Grant. JFS anticipates that approximately \$50.0 million will be drawn from the same source to pay for county overages in each year of the FY 2002 - FY 2003 biennium.

For FY 2002, the budget act appropriates \$12,584,804,896 in all funds to totally fund JFS. This exceeds the FY 2001 spending level by \$1,873,002,569, or 17.5 percent. Virtually all of the increase in appropriation authority over FY 2001 expenditures occurs in federal funding. When looking solely at GRF appropriations, we see that FY 2002's appropriation of \$8,118,233,781 is an increase of only \$184,415,343, or 2.3 percent, over the FY 2001 expenditure level. Looking further into the composition of the department's GRF appropriation, we see that several GRF line items include a federal portion. The federal portion of the GRF appropriation for JFS amounts to over \$4.3 billion in FY 2002, and \$4.6 billion in FY 2003. As a portion of the department's total budget for both FY 2002 and FY 2003, federal funds make up 63.0 percent of the total. The table below details the department's appropriations by fund group.

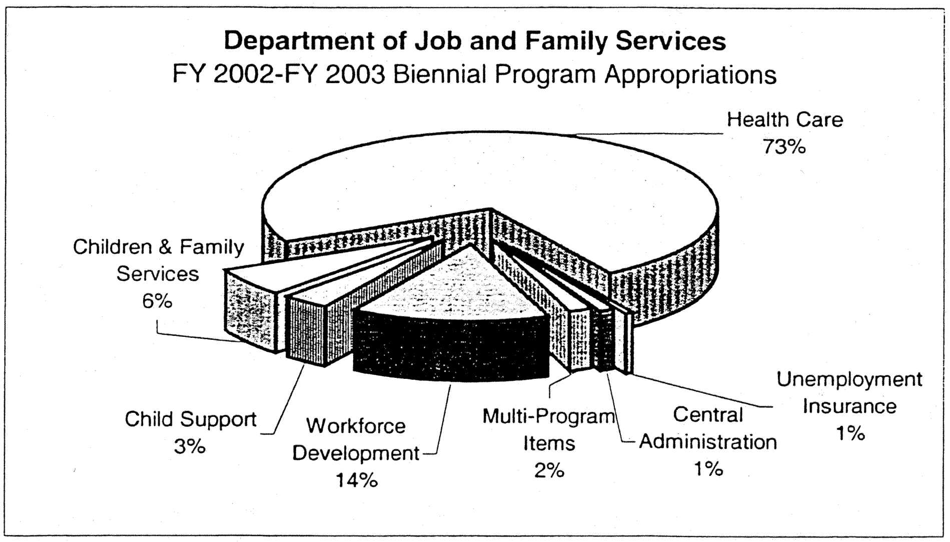
Department of Job & Family Services Appropriations by Fund Group

Fund	FY 2001	FY 2002	% Change FY2001-2002	FY 2003	% Change FY2002-2003
GRF	\$7,933,818,438	\$8,118,233,781	2.27%	\$8,636,803,057	6.39%
General Services	\$109,081,280	\$99,822,414	-9.28%	\$107,910,419	8.10%
Federal Special Revenue	\$2,243,588,806	\$3,626,924,110	38.14%	\$3,795,920,078	4.66%
State Special Revenue	\$302,536,426	\$633,478,336	52.24%	\$675,507,781	6.63%
Agency Fund	\$122,766,703	\$105,446,255	-16.43%	\$107,849,502	2.28%
Holding Account Redistribution	\$10,673	\$900,000	98.81%	\$900,000	0.00%
TOTAL	\$10,711,802,326	\$12,584,804,896	14.88%	\$13,324,890,837	5.88%

The budget for the Department of Job and Family Services is organized into six broad program areas, or program series, with a seventh for budget items that span two or more series. The appropriation level for each program series is as follows:

		FY 2002	FY 2003
Program Series 1	Workforce Development	$1,820,349,023	$1,868,507,315
Program Series 2	Child Support	$ 416,515,498	$ 417,666,105
Program Series 3	Children and Family Services	$ 699,949,961	$ 789,752,275
Program Series 4	Health Care	$9,204,443,153	$9,813,279,292
Program Series 5	Unemployment Insurance	$ 100,214,674	$ 94,189,149
Program Series 6	Central Administration	$ 122,063,314	$ 112,756,714
Program Series 999	Multi-Program Items	$ 221,269,273	$ 228,739,986

The following pie chart displays the proportions of each program series in the JFS budget for both fiscal years combined.



The following sections provide a summary of the developments in each series. The most significant element of the multi-program items series is discussed within the section on Central Administration.

WORKFORCE DEVELOPMENT

OVERVIEW

The Department of Job and Family Services (JFS) is designated by state law as the state agency responsible for administering and supervising the federal Temporary Assistance for Needy Families (TANF) program and also for administering the federal Workforce Investment Act of 1998. The merger of the Department of Human Services (HUM) and the Bureau of Employment Services (BES) that formed JFS directly links the employment services programs that had been administered by BES with the employment services that had been developed by HUM through welfare reform. One of the main motives of the merger of HUM and BES was to unify a significant portion of Ohio's employment and training services under one department, thus eliminating duplicate services. The workforce development program series is the product of the merger. In addition to employment services, the workforce development program series includes income maintenance programs, subsidized child day care services, food stamp and nutrition services, adult emergency services, disability assistance, and refugee services.

The goals of the workforce development programs are to promote prosperity by helping Ohioans achieve and maintain employment, to improve the quality of the workforce, to provide child care assistance that enables parents to find and keep work, to help youth obtain skills and work, and to provide care and assistance for those unable to care for themselves.

The total appropriation authority for the Workforce Development program series for FY 2002 is \$1,820,349,023. This is an increase of \$360,888,377, or 24.7 percent, over the actual spending in the series in FY 2001. The fact that a significant portion of appropriation authority from federal sources of revenue went unspent in FY 2001 accounts for most of the difference between the actual spending in the series in FY 2001 and the appropriation level for FY 2002. The total appropriation authority for the series for FY 2003 is \$1,874,507,315, an increase of \$54,158,292, or 3.0 percent over the appropriation level for FY 2002. For FY 2002, 69.1 percent of the total appropriation for the workforce development series is from federal sources.

One of the significant aspects of the budget act for this series is the degree to which federal Temporary Assistance to Needy Families (TANF) moneys are transferred or earmarked. For example, in FY 2002, the budget act transfers \$76.2 million in federal TANF funds to the Head Start program in the Department of Education, and \$5.2 million to the TANF Housing program in the Department of Development. For FY 2003, the budget act transfers a total of \$133.8 million for the Head Start program and for student intervention services in the Department of Education, and \$6.5 million for the TANF Housing program in the Department of Development.

One of the most significant set of earmarks was made in order to hold counties harmless with regard to the basic TANF funding that they received. The budget act earmarks over \$369.0 million in each year for this purpose.

OHIO'S TANF PROGRAMS

A fundamental shift in the nature of Ohio's welfare program was introduced in 1995 with the passage of Sub. H.B. 167 of the 121st General Assembly. In H.B. 167, Ohio sought, and was granted, a waiver from the existing requirement of the federal Social Security Act to redesign the delivery of welfare benefits in a way that provided increased incentives for recipients to move off welfare by giving priority to early employment rather than education. The federal TANF program was implemented by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which built on the earlier experience of the several states that had pursued experiments in welfare reform. Ohio's main TANF programs, the Ohio Works First (OWF) program and the Prevention, Retention, and Contingency (PRC) program (introduced by Sub. H.B. 408 of the 122nd General Assembly), implemented PRWORA and refined and extended the "work first" strategy of welfare reform. The OWF program provides time-limited cash assistance and support services to help needy families with (or expecting) children care for their children in their own homes, and to eliminate the barriers to work that produce dependence on government. OWF seeks to accomplish this by providing such things as job placement services, child care services, and transportation, and by promoting activities such as preparation for work, job search, and early entry into employment.

Among the reforms implemented by H.B. 408 are stricter work requirements, an expansion of the earned income disregard, and lifetime limits on the eligibility to participate. While the federal TANF law provided a lifetime limit to participation of five years, participation in OWF has a limit of 36 months, after which the family remains ineligible for 24 months. Subsequent to this 24 month period, a family may receive benefits for an additional 24 months if, in the view of the county department of job and family services, good cause exists to warrant the extension.

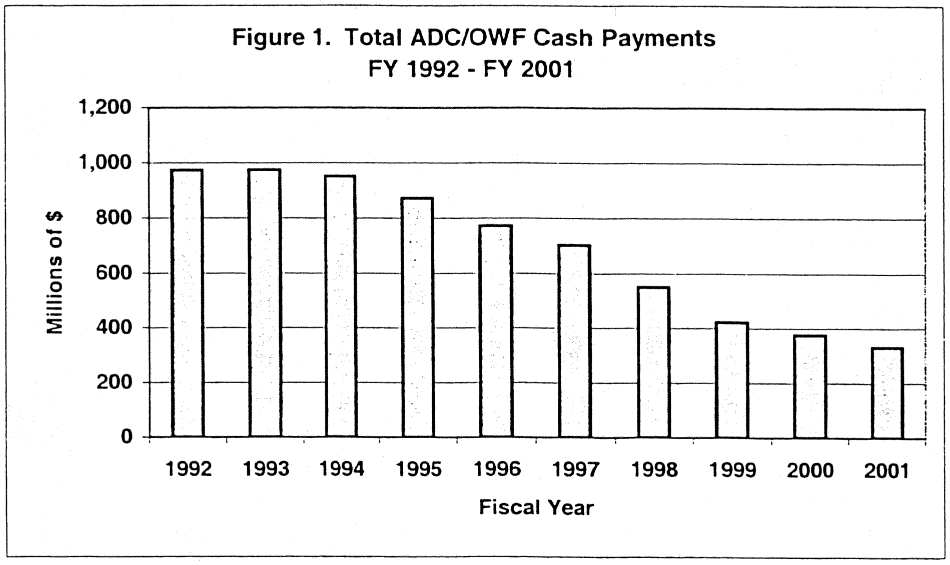
The PRWORA eliminated the Aid to Families with Dependent Children (AFDC) program, the Job Opportunity and Basic Skills (JOBS) program, and the Family Emergency Assistance (FEA) program. Congress replaced these programs with the Temporary Assistance to Needy Families (TANF) program. Prior to TANF, under the AFDC program, the federal government provided states with open-ended matching funds if a state decided to participate in the program.

The old AFDC program was an "entitlement" for states that chose to operate an AFDC program. The states that participated received a reimbursement for their welfare spending of 50 to 80 percent, depending on per capita income. In Ohio, this reimbursement averaged approximately 60 percent over the decade prior to PRWORA. Each state that participated determined (as continues today under TANF) the income standards for eligibility and the benefit levels of recipients. Recipients had a "right" (which also continues under TANF) to equal treatment in the determination of their eligibility and benefit levels. Under the original entitlement that was granted to participating states, federal appropriations were provided as a reimbursement for the assistance provided to needy families. If a state experienced an increase in welfare expenditures due to an increase in case loads or changes in benefit levels, this would result in an increase of federal reimbursements, and vice versa. Another aspect of the "entitlement" that changed with welfare reform is the requirement that recipient adults must now meet a participation requirement that is established in a self-sufficiency plan as a condition of receiving cash benefits.

Ohio Works First (OWF) Cash Grants

At the end of FY 2001, the TANF caseload stood at about 196,600 recipients, or 84,400 assistance groups. This represents a year-over-year decrease of 50,000 recipients, or nearly 14,000 assistance groups from the end of FY 2000. Looking at these figures as proportions, year-over-year there is a 20.3 percent reduction in the number of recipients, and a 14.2 percent reduction in the number of assistance groups. The number of "child only" assistance groups (typically cases where the children are residing with a relative) now exceeds 45 percent of the total number of assistance groups.

Cash benefit payments totaled $332.5 million in FY 2001, continuing the declining trend in cash assistance from the peak of 1992. LSC forecasts a continuation of this trend with cash grant expenditures of $327.4 million in FY 2002 and $319.0 million in FY 2003. In contrast, JFS's forecast anticipates a reversal in the trend for the OWF caseload and an increase of cash assistance payments to $331.3 million in FY 2002 and $341.6 million in FY 2003. ***Figure 1*** depicts the historical trend in the annual amount of expenditures for cash assistance.



Over the course of the summer months, however, economic activity showed increased evidence of slowing down. Now, in the wake of the terrorist attacks in September, it seems more likely that the economy will actually enter a recession. This makes it far more likely that caseloads will increase during FY 2002.

The Prevention, Retention, and Contingency Program (PRC)

The PRC program is designed to "divert" families from public assistance by providing one-time, short-term customized assistance to overcome immediate problems or barriers that could, if not addressed, result in a situation that requires long-term public assistance. The PRC program was implemented by H.B. 408, and replaced the Family Emergency Assistance (FEA) program. The objective of the PRC program is to provide a mixture of cash and non-monetary services that will enable a family to retain or obtain employment, and thereby stay off of public assistance.

The old FEA program focused on such contingency benefits as rent payments, utility shutoffs, and household appliance repair or replacement. Along with these same contingency benefits, PRC emphasizes prevention and retention benefits that are oriented to helping clients achieve or maintain self-sufficiency. To participate in the PRC program, an assistance group must include at least one minor child or a pregnant woman. Additional PRC program eligibility criteria are established in each county's partnership agreement. Counties are given considerable latitude regarding the types and amounts of assistance to be provided. The policies that counties develop must be consistent with state and federal law. The types of cash assistance that PRC provides assistance for include costs for such things as: shelter, job-required clothing, household necessities like the repair of a furnace or a major appliance, home repair, and transportation. Non-monetary services include such things as counseling, employment services, and short-term training. In FY 2000, total PRC expenditures were $60.6 million. Final figures for FY 2001 are not available at the time of this writing.

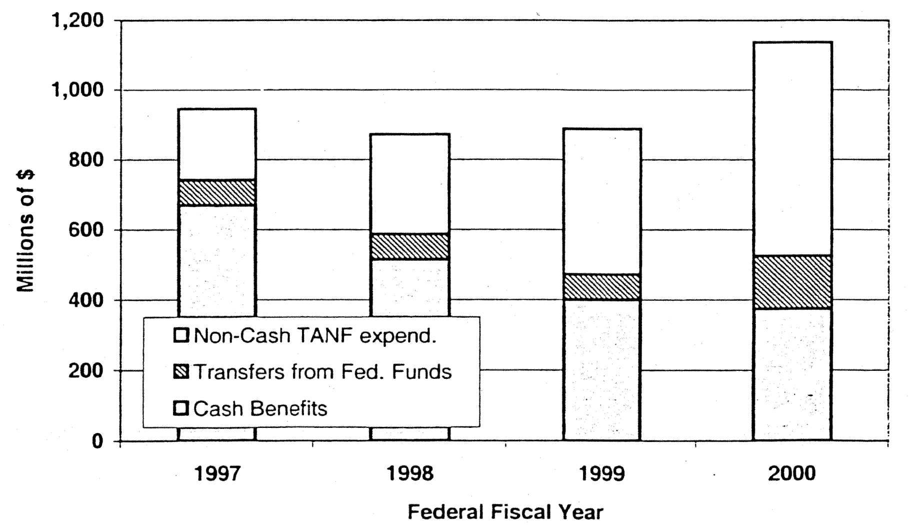
The budget act eliminates a restriction in permanent law that limits the PRC program to serving only assistance groups that include at least one minor or a pregnant woman and provides that benefits and services provided under the PRC program must be allowable uses of federal TANF funds, except that they may not be for on-going "assistance" as defined by federal TANF regulations. The impact of this change in permanent law is to enable JFS and the counties to provide certain PRC benefits and services to non-custodial parents whose income meet eligibility requirements. The costs associated with this expansion of eligibility will be supported within the existing funding levels of the TANF program.

The budget act did not fund a continuation of the Prevention, Retention, and Contingency-Development Reserve (PRC-DR) program. Neither JFS in its budget request, nor the Governor in his budget recommendation, sought a renewal of the PRC-DR program. The program had expanded PRC services and benefits, especially through contracts with service providers. JFS allocated $300 million in federal TANF reserve funds to the counties to expand these services. A cap on each counties spending from these reserves was based on the county's share of population at or below 200 percent of the federal poverty level.

Composition of Ohio's TANF Expenditures

One of the consequences of the block grant funding arrangement is that reductions in recipient case loads reduce the amount of "baseline" cash benefits, thus leaving more funds available for other TANF related program services or activities. As can be seen in ***Figure 2***, by FFY 2000, non-cash TANF expenditures now constitute a majority of total TANF spending in Ohio. These other activities include a broad array of services designed to help individuals find and keep jobs, including employment services, child day care, transportation, emergency benefits, and other PRC services and benefits. In FFY 1997, non-cash expenditures made up 21.5 percent of total TANF expenditures (federal and state), whereas in FFY 2000 they made up 53.8 percent of the total.

Figure 2. Composition of Ohio's TANF Expenditures, FFY 1997 - FFY 2000



TANF Block Grant

If TANF grant funds go unspent in a particular year, the PRWORA legislation provides that "a State may reserve amounts paid to the State under [this legislation] for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under [this legislation]." At the end of FFY 2000, Ohio had a total federal TANF reserve of approximately $721.6 million, not counting unspent funds that have been transferred to either the Social Service Block Grant or the Child Care and Development Fund.

In the past, the Governor and the General Assembly have agreed to build up Ohio's TANF reserve. This reserve is established simply by not appropriating a portion of the annual grant and allowing it to remain at the federal level. Beginning with this budget, representatives of the executive branch believe the reserve is sufficient for any caseload contingencies that might occur during the remainder of the five-year term of the block grant (through FFY 2002). The federal government holds unspent TANF funds in one of two categories: "unliquidated expenditures" and "unobligated balance." At the end of FFY 2000, the accumulated unappropriated TANF funds held in reserve for Ohio were $216.7 million, while appropriated funds remaining unliquidated were $504.9 million. As of June 30, 2001, after drawing the full award for the federal fiscal year, and with one more quarter remaining in the federal fiscal year, the TANF reserve stood at $742.2 million. In this reserve amount, appropriated funds remaining unliquidated were $200.6 million, with the remaining $541.6 million being the unobligated balance.

Transfers and Earmarks of TANF Funds

For FY 2002, the budget act transfers $76.2 million in federal TANF funds to the Head Start program in the Department of Education, and $5.2 million to the TANF Housing program in the Department of Development. For FY 2003, the budget act transfers a total of $133.8 million for the Head Start program and for student intervention services in the Department of Education, and $6.5 million for the TANF Housing program in the Department of Development. These transfers are summarized in ***Table 1***.

Table 1. Transfer Of Federal TANF Funds To Other Departments

Department	ALI	Name	FY 2002	FY 2003
Development	195-619	TANF Housing Program	$5,200,000	$6,500,000
Education	200-406	State Head Start	$76,156,175	$98,843,825
Education	200-513	Student Intervention Services	$0	$35,000,000
TOTAL			**$81,356,175**	**$140,343,825**

In addition, the budget act also transfers state TANF maintenance of effort (MOE) funds to other departments. In both FY 2002 and FY 2003, $5.0 million in MOE funds are transferred to the Department of Alcohol and Drug Addiction Services for treatment and youth mentoring services, and $250,000 to the Department of Health for family planning services.

In order to hold counties harmless with regard to the basic TANF funding that they received, the budget act took specific steps to earmark TANF funds going to the counties. The budget act earmarks over $369.0 million in each year for this purpose. These are listed in ***Table 2***.

Table 2. Earmarks Of TANF Allocations To Counties		
Name	**FY 2002**	**FY 2003**
County Allocations	$276,586,957	$276,586,957
WIA Supplement	$35,109,178	$35,109,178
Early Start-Statewide	$38,034,600	$38,034,600
Transportation	$5,000,000	$5,000,000
County Training	$3,050,000	$3,050,000
Adult Literacy & Child Reading	$5,000,000	$5,000,000
Disaster Relief	$5,000,000	$5,000,000
School Readiness Centers	$1,260,000	$1,260,000
TOTAL	**$369,040,735**	**$369,040,735**

In addition to the above earmarks of TANF allocations to the counties, the budget bill includes other earmarks funds from the TANF block grant. These are listed in ***Table 3***.

Table 3. Additional Earmarks Of TANF Funds		
Name	**FY 2002**	**FY 2003**
TANF Youth Diversion Programs	$19,500,000	$19,500,000
Kinship Navigators	$3,000,000	$3,000,000
TANF Faith-Based & Non-Profit Capacity-Building Programs	$1,000,000	$1,000,000
Talbert House	$100,500	$100,500
Montgomery Co. Out-of-School Youth Project	$1,000,000	$1,000,000
Appalachian Workforce Development and Job Training	$15,000,000	$0
Center for Family and Children	$150,000	$0
TOTAL	**$39,600,500**	**$24,600,500**

The budget act also requires the Department of Job and Family Services to transfer to the Social Services Block Grant (SSBG), established by Title XX of the federal Social Security Act, the maximum amount from the TANF block grant as is permitted under federal law. In each federal fiscal year, Ohio has been permitted to transfer up to $72,796,826 from the TANF block grant to the SSBG, and has done so in each year since Ohio started to receive the TANF block grant in FFY 1997. In providing services that fall within the area of the SSBG, Ohio spends state and local funds in excess of what can be claimed as a match under Ohio's regular grant. When additional federal funds are transferred into the SSBG, Ohio can claim those funds as "earned federal reimbursement." Using such funds, the budget act earmarks a total of $87.3 million in FY 2002 and $14.9 million in FY 2003 for specific purposes. This includes $60 million to be transferred to the Office of Budget and Management, and earmarked for balancing the GRF in FY 2002. The act does not provide for a transfer to OBM in FY 2003, but permits OBM to use in FY 2003 any remainder of the transfer from the previous year. The Governor vetoed all of the earmarks for FY 2003. However, Am. Sub. H.B. 299, a budget "corrective bill," restored the FY 2003 funding for the first seven programs listed in ***Table 4***.

Table 4. Earmarks Of TANF Funds Transferred To The SSBG

Program	Department, ALI or fund	FY 2002	FY 2003
Expansion of PCSA Activities	JFS, ALI 600-691	$5,500,000	$5,500,000
Second Harvest Food Bank	JFS, ALI 600-634	$4,500,000	$4,500,000
Projects for Violent and Aggressive Youth	JFS, ALI 600-691	$2,000,000	$2,000,000
Child Nutrition Services	EDU, Fund 5E6	$900,000	$900,000
Vocational Rehabilitation Transfer	RSC, ALI 415-506	$600,000	$897,052
Ohio Alliance of Boys & Girls Clubs	JFS, ALI 600-634	$600,000	$600,000
Abstinence-Only Education	DOH, ALI 440-611	$500,000	$500,000
Transfer to OBM	OBM, Fund 5Q8	$60,000,000	$0
Civilian Conservation Corps	DNR, ALI 725-625	$7,885,349	$0
Community Residential Programs	DRC, ALI 501-501	$3,600,000	$0
Non-TANF Adult Assistance	JFS, ALI 600-696	$1,000,000	$0
Adult Protective Services	JFS, ALI 600-695	$120,227	$0
Hippy Program (reading home instruction)	JFS, ALI 600-696	$62,500	$0
Adoption Connection	JFS, ALI 600-640	$50,000	$0
TOTAL		**$87,318,076**	**$14,897,052**

Reauthorization and the Issue of Supplantation

Because the budget bill uses federal TANF funds to pay for programs that previously have been paid for with state funds, the issue was raised during debates on the bill as to whether any of the transfers of TANF funds to other programs constitutes "supplantation." There is a concern that if Congress sees that states have used federal TANF dollars to supplant state expenditures, it might reduce a state's TANF award accordingly when the TANF program comes up for reauthorization in FFY 2002. The issue of "supplantation" is a difficult one because there is no guidance from the federal government as to what the term means. The term is not used in federal TANF law, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Nor is it used in the federal regulations issued for the TANF program in April 1999 (called the TANF Final Rule).

The TANF Final Rule does contain prescriptive language regarding the determination of whether state expenditures can be counted toward a state's maintenance of effort (MOE) requirement, but when presenting rules that apply to the uses of federal TANF funds the regulation says that states may use federal TANF funds for expenditures that are "reasonably calculated to accomplish the purposes of TANF." The determination of what expenditures are reasonably calculated to accomplish a TANF purpose is largely left to the states.

The four purposes of the TANF program are:

1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
2. End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. Prevent and reduce the incidence of out-of-wedlock pregnancies and establish numerical goals for preventing and reducing the incidence of these pregnancies; and
4. Encourage the formation and maintenance of two-parent families.

One of the few definitions of the term "supplantation" was provided by Representative Nancy Johnson, Chairman of the U.S. House Ways and Means Subcommittee on Human Resources, in a March 2000 letter to Don Siegelman, the Governor of Alabama. In that letter, Representative Johnson wrote about innovative ways of using TANF dollars to advance the goals of welfare reform that states had been developing, and she went on to say:

> In reviewing these and similar investments for your own state, I hope you will be careful to avoid supplanting TANF funds. By supplantation, I mean replacing state dollars with TANF dollars on activities that are legal uses of TANF funding. Supplantation, of course, is perfectly legal under the TANF statute. However, if the savings from supplanted federal funds are used for purposes other than those specified in the TANF legislation, Congress will react by assuming that we have provided states with too much money. As the reauthorization of the TANF legislation in 2002 approaches, it would be a shame if a few states followed the suggestions of their budget officials and replaced state dollars with TANF dollars in order to provide tax cuts, build roads or bridges, or in general use funds for non-TANF purposes.

This quotation from Representative Johnson suggests three relevant questions: First, to what extent does Am. Sub. H.B. 94 substitute TANF federal funds for state expenditures? Second, with regard to certain transfers in Am. Sub. H.B. 94, are TANF funds being used for TANF purposes? And, third, if there is a substitution, could the expenditures have been counted toward a state's MOE requirement, or originally made using TANF federal dollars, and thus not producing supplantation in the sense that Representative Johnson used the term?

Perhaps the best way to determine ultimately whether a state has engaged in supplantation would be to examine in the aggregate whether the state has spent more federal money and less state money on social services that would meet TANF purposes than it did at the beginning of the TANF program. This approach to analyzing potential supplantation is adopted by Deborah Ellwood and Donald Boyd in their article, "Changes in State Spending on Social Services Since the Implementation of Welfare Reform: A Preliminary Report" (published by: The Nelson A. Rockefeller Institute of Government, February 2000). Such an analysis of the budget in aggregate would permit us to answer not only the first two questions but the third question, as well. Such an analysis, however, would be a large undertaking.

Short of undertaking such a study of the aggregate spending pattern, however, we might look at whether the state spending in the areas that receive a substitution with federal funds exceed state expenditures in that area in FY 1995. If the expenditures are reasonably calculated to accomplish a TANF purpose and exceed the state spending in that area in 1995, the excess could have been counted toward the state's MOE requirement, or otherwise paid for with federal TANF dollars. If either of these conditions are met, the substitution of federal for state funds would not constitute supplantation.

There are three instances in Am. Sub. H.B. 94 where there seems to be a question of potential supplantation. The first instance is the replacement in the budget of the Department of Job and Family Services of the Wellness Block Grant program that has been funded with GRF dollars with the Wellness program, which is to be funded with TANF Block Grant dollars. The funding level for the Wellness program is $14,337,515 in both FY 2002 and FY 2003. In FY 2001, expenditures for the Wellness Block Grant program were $14,158,152.

Second is the transfer of TANF Block Grant dollars to the Student Intervention program in the Department of Education. The transfer will be $35,000,000 in FY 2003 only. In FY 2003, the appropriation for the program will be $38,280,000. In FY 2001, expenditures for the Student Intervention program were $28,999,995 in state funds.

Third is the transfer of TANF Block Grant dollars to the Head Start program in the Department of Education. The transfer will be $76,156,175 in FY 2002, and $98,843,825 in FY 2003. The appropriation in the line item that receives the transfer in both FY 2002 and FY 2003 will be $98,843,825. In FY 2001, expenditures in this appropriation item were $100,707,798 in state funds.

Expenditures in each of these three programs clearly meet one or more of the TANF purposes. The transfer to Student Intervention Services will be used to support intervention services for children who have failed a required proficiency test or who read below grade level. These services will be offered in summer, after school, and other extended hours programs. These types of services have been shown to produce outcomes like reduced teen pregnancy rates and increased rates of school completion, thus making them appropriate uses of TANF funds under purpose 3.

The Wellness program provides funding to counties for community-based programs of prevention services targeted specifically at reducing teenage pregnancy rates. This program is clearly an appropriate use of TANF funds under purpose 3.

The Head Start program is explicitly mentioned as an appropriate use of TANF funds in the guidance document "Helping Families Achieve Self-Sufficiency: A Guide on Fund Services for Children and Families through the TANF Program," issued by the U.S. Department of Health and Human Services, Office of Family Assistance, issued in May 1999.

Both the Student Intervention Services program and the Wellness program are new programs that have come into existence after 1995. Because they are expanded services that meet a TANF purpose, their expenditures in previous years could have been counted toward the state's MOE requirement, or could have been paid for from the start with federal TANF dollars. Thus any substitution of federal TANF funds for these expenditures cannot be considered "supplantation."

The Head Start program was already in operation in Ohio in 1995. In that year, Ohio spent $66,022,498. This amount provides a base for calculating what new spending in the Head Start program can be counted toward Ohio's MOE requirement. In every year since 1995, Ohio has increased expenditures in the Head Start program. Am. Sub. H.B. 94 appropriates $98,843,825 for the Head Start Program in both FY 2002 and FY 2003, for a total of $197,687,650. Since we are considering spending over a two-year period, doubling the base amount from 1995 produces a base funding level of $132,044,996. The difference between the total appropriation and the base constitutes the "new spending" for the two years of the biennium, and comes to $65,642,684. The transfer of TANF Block Grant funds to the Head Start program provided for in Am. Sub. H.B. 94 is $76,156,175 in FY 2002 and $98,843,825 in FY 2003, for a total of $175,000,000. Subtracting the "new spending" of $65,642,684, leaves $109,357,316 in spending over the next biennium in Am. Sub. H.B. 94 that might be labeled "supplantation." The following ***Table 5*** summarizes this calculation.

Table 5. TANF Transfer To Head Start And Potential Supplantation		
A	Head Start "Base" Funding 1995	$66,022,498
B	"Base" Funding for two fiscal years (2 x A)	$132,046,966
C	Head Start Appropriation, FY 2002 & FY 2003	$197,687,650
D	"New Spending" for FY 2002 & FY 2003 (C – B)	$65,642,684
E	TANF Transfer to Head Start, FY 2002 & 2003	$175,000,000
F	**Potential "Supplantation" (E – D)**	**$109,357,316**

Whether the label of "supplantation" is actually accurate would, as suggested above, depend on an analysis of the budget in aggregate to see whether Ohio will spend more federal money and less state money on social services that would meet TANF purposes in the coming biennium than it did at the beginning of the TANF program.

Maintenance of Effort (MOE)

As noted above, the focus of public assistance programs has now shifted away from "entitlement" for the states to a system of block grant funding where states assume a greater portion of the risk from costs resulting from increases in the caseloads. Ohio's annual TANF block grant award of approximately $728 million is based on the amount of federal funds expended in federal fiscal year 1994 for the three eliminated programs (AFDC, JOBS, and FEA). In order to receive the annual block grant, Ohio is required to meet a maintenance of effort (MOE) requirement of 80 percent of what it spent in federal fiscal year (FFY) 1994 on the three eliminated programs (approximately $417 million), through FFY 2002. The MOE can be lowered to 75 percent if the state meets its work participation requirements. Since Ohio is meeting these participation requirements, the MOE spending level has been set by the Department of Job and Family Services at 77 percent, and amounts to $401.2 million each year. See ***Table 6*** for a breakdown of the components of the MOE.

Table 6. Components Of TANF State Maintenance Of Effort		
	FY 2002 (in millions)	**FY 2003 (in millions)**
600-410, TANF State	$268.6	$268.6
600-413, Day Care MOE	$45.4	$45.4
600-658, Child Support Collections	$42.4	$42.4
County Share	$29.2	$29.2
State Operating	$15.6	$15.6
TANF MOE	**$401.2**	**$401.2**

As noted above in the discussion of transfers, the budget act also transfers state TANF MOE funds to other departments. In both FY 2002 and FY 2003, $5.0 million in MOE funds are transferred to the Department of Alcohol and Drug Addiction Services for treatment and youth mentoring services, and $250,000 to the Department of Health for family planning services.

EMPLOYMENT SERVICES

Fiscal years 2002 and 2003 will see a continuation of the implementation of the federal Workforce Investment Act (WIA) of 1998. WIA repealed the Job Training Partnership Act and replaced it with a locally based employment and training service delivery system for adults, dislocated workers, and youths, with an emphasis on flexibility in the use of program dollars. Provisions of WIA promote individual responsibility and personal choice through the use of Individual Training Accounts that allow adult customers to "purchase" the training that best fits their needs.

WIA is also business focused. Business is seen as a critical partner in the development and design of service delivery systems with strong ties to economic development. WIA requires that business representatives compose the majority of the membership of State Workforce Investment Boards, providing leadership and information to ensure that the service delivery system prepares people for current and future jobs.

Central to WIA is the "one-stop" approach to service delivery. In fact, the act mandates that states and localities develop one-stop delivery systems for service integration and elimination of duplicative efforts. One of the key points where the merger of HUM and BES manifests itself is in service delivery at the local level with the development of the one-stop system in which employment services and income maintenance services (OWF and PRC) are integrated.

Spending of funds in WIA activities has been slow to start. In FY 2001, Ohio had $112.8 million available but spent only $63.0 million. Ohio's WIA allocation from the federal government increased to $128.5 million for FY 2002.

CHILD DAY CARE

Child day care is a key support to low-income working parents. In the last biennium, the income eligibility ceiling for non-guaranteed child day care (where parents are required to pay a sliding-scale fee toward the cost of child care) was raised to 185 percent of the federal poverty level. As well, child day care is essential to implementing the work requirements of welfare reform. According to JFS, it is expected that nearly 89,600 children will receive services during FY 2002 and nearly 94,600 children will receive services during FY 2003.

The budget act appropriates $299.2 million in FY 2002 in line item 600-617, Day Care Federal, which represents a 26.4 percent increase over spending from this line item in FY 2001. For FY 2003, the appropriation is $337.8 million, an increase of 12.9 percent over the appropriation level for FY 2002. In order for the state to draw down those amounts of federal dollars, the state has budgeted in line item 600-413, Day Care Match/MOE, $84.1 million in both FY 2002 and FY 2003. Of the amount appropriated in line item 400-413, $45.4 million is designated as part of the state's TANF MOE requirement. A variable portion of the SSBG is also used to pay for child day care.

DISABILITY ASSISTANCE

The Disability Assistance (DA) program is a state- and county-funded effort that provides cash and/or medical assistance to persons who are unemployable due to physical or mental impairment, or is over 60, or is under 18, or is pregnant, or is medication dependent, and who are not eligible for public assistance programs that are supported in whole or in part by federal funds (for example OWF or Supplemental

Security Income). Eligibility criteria for DA are established by the state. The DA program thus provides a "safety net" to help needy people to meet basic needs and maintain their health.

The DA program has two distinct components: DA cash assistance and DA medical assistance. There is no time limit for receipt of DA benefits; assistance is provided on an ongoing basis as long as all eligibility requirements are met, and provides a maximum grant of $115 per month for a one person assistance group. The two largest components of DA medical assistance are physician services and prescribed drugs. The medical assistance portion of the program does not cover inpatient and outpatient hospital services since hospitals must deliver acute care services without charge to persons under 100 percent of the federal poverty level under the Hospital Care Assurance Program.

Three recent pieces of legislation have had a direct effect on the DA program. These are Am. H.B. 249 and Sub. H.B. 167 of the 121st General Assembly and Am. Sub. H.B. 408 of the 122nd General Assembly. Am. H.B. 249 eliminated cash eligibility for people who had previously qualified solely because of a medication dependency. Emancipated minors also became eligible for DA benefits under H.B. 249. Sub. H.B. 167 and Am. Sub. H.B. 408 affected the DA program by easing certain qualifications for OWF. Under these two acts, the work history requirement and the 100-hour work rule for two-parent families have been eliminated, thus making it easier for DA recipients with children to meet qualifications for OWF.

In the wake of this legislation and the implementation of OWF, the DA cash and medical recipient caseloads exhibited a steady decline until Fall 1999. In the Fall of 1999, however, the caseload for cash recipients began to regularly exceed the forecast on which the budget for the program during the FY 2000-FY 2001 biennium was based. The medical assistance caseload has behaved fairly close to forecasts but the inflation rate in the area of medical costs, especially prescription drugs, exceeded expectations. As a result, DA expenses exceeded the amount originally appropriated for FY 2000 and FY 2001. The FY 2000 appropriation authority for line item 400-511, Disability Assistance/Other Assistance (now re-numbered 600-511), was increased by $2.1 million at the end of FY 2000. That increase, however, proved insufficient, and a portion of the payments of DA benefits had to be pushed into FY 2001. JFS anticipated a shortfall of $10.7 million in DA costs in FY 2001. S.B. 346 of the 123rd General Assembly, signed into law by the Governor in December 2000, addressed this shortfall with a $10.7 million increase in appropriation authority. Anticipating a continuation of the increases in the caseload and in medical costs, the budget act appropriates $84.7 million for FY 2002 and $98.2 million of FY 2003. These increases represent a year-over-year change of 18.5 percent for FY 2002 over FY 2001, and 15.9 percent for FY 2003 over FY 2002.

CHILD SUPPORT ENFORCEMENT

OVERVIEW

State law establishes the Office of Child Support (OCS) within the Department of Job and Family Services (JFS) and requires that the office establish a program of child support enforcement to meet the requirements of Title IV-D of the Social Security Act of 1975. OCS has the responsibility of supervising local entities in the establishment and enforcement of support obligations owed by non-custodial parents. State law also requires that each county have a child support enforcement agency (CSEA) that operates the child support enforcement program at the local level. The local CSEA has the responsibility for the direct administration and provision of services to all individuals in need of child support services including, location of an absent parent, paternity and support establishment, support collection, and enforcement of financial and medical obligations. The child support program supports approximately

845,000 cases statewide, which assists almost one million Ohio children. In FY 2000, Ohio collected and disbursed approximately $1.1 billion of child support, which is 70.85 percent of all current support obligations. The other 29.15 percent that was not collected (approximately $434.4 million) was added to the arrears owed in FY 2001.

The final GRF appropriation amounts for child support (line items 600-420, Child Support Administration and 600-502, Child Support Match) are $25.3 million in FY 2002 and $24.7 million in FY 2003. The GRF appropriation amount for child support in FY 2002 is a 6.9 percent decrease from actual expenditures in FY 2001 plus encumbrances for FY 2002. The appropriation amount for FY 2003 is a 2.4 percent decrease from the final appropriation amounts for FY 2002. According to JFS, at this funding level, OCS and the county CSEAs will be able to provide basic services to its customers. However, a reduction of some administrative expenses, such as travel and staff professional development will be required. It should be noted that the GRF appropriation items that fund child support are exempt from the provision of H.B. 94 that reduces GRF appropriations in FY 2002 and FY 2003 by 1.5 percent.

Paternity/Support Establishment and Enforcement & Collection

The Personal Responsibility and Work Reconciliation Act of 1996 (PRWORA) requires each state to develop a methodology for establishment of paternity and support obligations, which are the first two steps in collecting child support. The state's portion of federal incentive dollars is based on performance measures related to paternity and support order establishment. OCS assists the counties in meeting these performance measure goals through contracts and interagency agreements.

The state has vendor contracts for both support establishment and genetic testing. The establishment contract is in place for the purpose of processing backlogged cases at the local level. Through the contract, the vendor attempts to establish support orders for county assigned cases, including paternity establishment if necessary, or to close cases that meet the federal case closure criteria. The state also continues its genetic testing contracts, which provide testing in cases where fatherhood is contested. Statewide contracts allow the state to negotiate a lower price per test and the counties can utilize testing services without the administrative responsibility of developing local contracts.

In January 1998, OCS created the Central Paternity Registry (CPR). The purpose of the registry is to collect and process all paternity documents initiated by the CSEAs, hospitals, vital statistics registrars, and courts. The state has contracted with a vendor for the registry's operation and maintenance. The vendor is also responsible for collection of the documents, continuing training, and monitoring hospital compliance. The Department of Health (DOH), pursuant to an interagency agreement with JFS, processes all paternity paperwork that comes through the registry.

In addition, the child and medical support enforcement and collection services assist CSEAs in locating absent obligors; enforcing orders; and collecting child support, medical support, and other monetary obligations from individuals who owe support. The state's role is to provide the county CSEAs with the resources to assist individuals owed child support to obtain that support. OCS supports statewide contracts for new hire reporting, medical enforcement, financial institution data match, and, in part, collections.

OCS plans to emphasize activities on which the federal government bases distribution of incentive dollars. Those activities include paternity establishment, support order establishment, current collections, collections on arrears, and cost effectiveness. Medical support establishment will soon become an additional performance measure on which the federal government will base distribution of incentive dollars to states. According to JFS, establishment of medical support will be a priority for OCS over the biennium. OCS has begun and will continue to monitor medical support establishment at the county level. In addition, the Auditor of State is involved in performance audits of medical support establishment.

COUNTY FUNDING

The child support program involves federal, state, and local government. The federal government sets program standards and policy, evaluates state performance in conducting the program, and offers training and technical assistance to the state. JFS provides state supervision and the local CSEAs administer the program. The federal government funds a major share of the cost of the program by reimbursing states 66 percent of their administrative expenses, with the exception of genetic testing expenses, which are reimbursed at 90 percent. State and local governments must provide the funding not reimbursed by the federal government. The state provides funds to the counties, which are then used to match federal funds.

Each county is allocated $15,000 of the state funds provided to the counties for administration of the Child Support Enforcement Program. (Line item 600-502, Child Support Match). Some of the balance is then allocated based on the county's percentage of divorces, dissolutions, and annulments and percentage of children born out-of-wedlock compared to the entire state and some of it is allocated based on the county's ratings according to performance standards. The remaining dollars are provided to the counties as incentive funds based on a formula established by the department. In FY 2002, JFS will have $3.2 million less to provide to the counties than it did in FY 2001. In FY 2003, JFS will have $575,646 less to pass through to the counties than it will in FY 2002. Since counties use state funds to access additional federal funds for the program, the appropriation levels mean fewer state dollars for the counties, but also fewer federal dollars for the program. However, according to JFS, the centralization of collection and disbursement of child support mitigates the impact on the counties, since some of the administrative responsibilities have shifted to the state. For example, the state is paying for the postage for child support checks, a cost formerly borne by the counties. The state is also paying the cost of depositing and disbursing child support collections.

The total reduction in funds passed through to the counties (line item 600-502, Child Support Match) including the state's share and federally matched funds, is approximately $9.5 million in FY 2002 and $11.1 million in FY 2003. The total shift in costs to the state for postage and centralized collections is approximately $6.4 million in FY 2002 and $6.6 million in FY 2003. Thus, the counties, as a whole, will experience a total reduction of $3.1 million in FY 2002 and $4.5 million in FY 2003 from the current levels.

Overall, JFS believes that the GRF appropriation amounts for child support, combined with a 66 percent federal match, will enable OCS and the county support enforcement agencies to provide basic services to their customers. However, OCS will have to cut back on some administrative expenses, such as travel and expenses associated with staff professional development (e.g. conferences). In addition, OCS may need to cut back on the dollar amounts of some of its contracts for various statewide services.

SUPPORT ENFORCEMENT TRACKING SYSTEM (SETS)

The Family Support Act (FSA) of 1988 mandated that each state develop an automated system to manage child support enforcement by October 1, 1995. The Ohio automated system aids in the location of absent parents, and the establishment, enforcement, tracking, and reporting of child support cases. In Ohio, it is called SETS. SETS is one of the largest statewide child support systems in the nation. The system maintains data on 1.9 million parents and children seeking child support payments and 634,000 cases. There are approximately 4,000 SETS users statewide. SETS is operational in a personal computer (PC) network environment, which, according to JFS, allows the system to be easily maintained and enhanced to permit a flexible response to legislative actions or other future program initiatives.

The federal government extended the original October 1, 1995 deadline to October 1, 1997. Automation efforts were ongoing, so states were given two options for negotiating compliance: the State Plan Approval Procedure and the Alternative Penalty Procedure. The State Plan Approval option continued the penalty structure established in FSA, an all-or-nothing approach governed by compliance hearings and marked by the potential loss of all federal child support grants for failure to certify the state's system. Most states, including Ohio, chose the Alternative Penalty Procedure, a graduated and partial structure—based on the non-compliant state losing an increasing share of its federal child support grant.

JFS missed the October 1, 1997 and October 1, 1998 deadlines, incurring fines of $5.25 million (representing 4 percent of Ohio's federal fiscal year (FFY) 1997 child support program grants) and $9.4 million (representing 8 percent of FFY 1998 child support program grants). On June 21, 1999, the Controlling Board approved the transfer of $14.6 million in surplus Medicaid funds from line item 400-525, Health Care/Medicaid, to pay the fines in August 1999. The department also failed to meet the October 1, 1999 deadline, incurring a fine of $28.8 million (representing 16 percent of the state's FFY 1999 child support grant). The U.S. Department of Health and Human Services (HHS) assessed this fine by reducing the state's child support grant award by $28.8 million on January 14, 2000. On January 24, 2000, the Controlling Board approved, with conditions, a request to use earned federal reimbursement for allowable Title XX expenditures to cover the shortfall.

Full conversion of cases to SETS was completed by September 30, 2000 and Ohio is awaiting certification from the federal government. Should the system fail certification, Ohio will be fined approximately $50 million. If Ohio achieves compliance and the system is certified, HHS will return 90 percent of the FY 2000 fines or approximately $25.7 million. H.B. 94 requires JFS to notify the Controlling Board on receipt of any refunds received for such penalties. Any returned funds are to be deposited in the General Revenue Fund. Fines paid in previous years, totaling $14.6 million, cannot be recovered under current law.

CHILDREN AND FAMILY SERVICES

OVERVIEW

The Department of Job and Family Services (JFS), Office for Children and Families (OCF) develops and administers programs and services designed to protect children and vulnerable adults and to preserve and strengthen families. OCF provides administration for a continuum of care, from prevention and protection to permanency. JFS provides funding and support for a number of services, including prevention services, protective services, foster care, and adoption services. The services are provided directly by the county departments of job and family services and public children services agencies with JFS providing program planning, technical assistance, training, and monitoring.

The final GRF appropriation amounts for this program series are $145.0 million in FY 2002 and $157.9 million in FY 2003. According to JFS, the final GRF appropriation amounts, as well as the total amount of federal funds available, will not enable OCF to pay the costs associated with instituting the recommendations made by the Child Welfare Reform Shareholders Group and the Auditor's Office that it had planned. However, H.B. 94 included the use of TANF funds (and TANF funds transferred to the Social Services Block Grant) to support child welfare initiatives, which may include some of the recommendations made by the Shareholders Group and the Auditor. H.B. 94 also created line item 600-

691, Child Welfare Initiatives, with $5.5 million appropriated in each fiscal year for expansion and support of county public children services agency activities and $2.0 million appropriated in each fiscal year for pilot programs targeted at violent and aggressive youth.

CHILD WELFARE

Ohio Children's Trust Fund

The Ohio Children's Trust Fund (OCTF) was created in 1984 and it is the state's primary funding agent and advocate for programs designed to prevent child abuse and neglect. Revenues are generated from fees collected on divorce and dissolution filings, and nominal surcharges for birth and death certificates.

OCTF funding is required by state law to focus exclusively on support for primary and secondary prevention activities. Primary prevention services are designed to prevent child abuse and neglect before they occur, and include advocacy efforts, public awareness campaigns, and training of professionals. Secondary prevention services include services that target populations at risk for child abuse and neglect, such as respite care for single parents, crisis intervention for families experiencing acute stress, parent education and support services, personal safety classes, and life skills training for youth.

Throughout Ohio, 156 prevention programs were funded by the OCTF at a cost of $4.7 million during FY 2000 and FY 2001. H.B. 94 increases, by $1, the fee collected for birth and death certificates, and divorce and dissolution petitions. The fee increase will generate an estimated additional $1.3 million annually. The appropriation amounts for this program area will permit continued funding for all current prevention services and an expansion of child abuse grants made to county commissioners. In FY 2003, the new revenue generated from the fee increase will expand the local purchasing power of the programs by approximately 27 percent.

Family Violence Prevention

The goals of the Family Violence Prevention program include preventing family violence through public awareness, education, and community outreach efforts aimed at children and adults, encouraging individuals involved in family violence to seek help, assuring statewide availability of safe, temporary shelter to victims of family violence and their dependents, and support services to victims and their families.

JFS has administered the Family Violence Prevention program since 1986. H.B. 94 transfers the administrative responsibilities for the federal Family Violence Prevention program from JFS to the Office of Criminal Justice Services (CJS). CJS currently administers federal grants targeting family violence prevention services and victims of domestic violence. Currently, 80 domestic violence shelter and related service agencies, two advocacy coalitions, and one hospital receive grants through the program.

Child Protective Services

State and federal laws require county public children services agencies (PCSAs) to investigate reports of child abuse and neglect, issue a finding concerning an investigation, and, if necessary, intervene to protect children who are at risk of maltreatment. In FY 2000, PCSAs received reports alleging 78,384 incidents of child abuse and neglect, involving 107,516 alleged child victims.

JFS supports PCSAs' efforts through policy and practice development, training and skill acquisition, and management information technology. Policy and practice development are primarily driven by new federal and state legislation. Policy and practice skills are then communicated to county staff via ongoing training through the Ohio Child Welfare Training program.

H.B. 94 includes $58.7 million in FY 2002 and $63.1 million in FY 2003 for general child welfare operating costs (line item 600-527, Child Protective Services). Even with the required 1.5 percent reduction in GRF appropriations for FY 2002 and FY 2003, funding at this level is an increase of $3.6 million in FY 2002 (6.5 percent above actual expenditures in FY 2001) and an increase of $4.4 million in FY 2003 (7.5 percent above FY 2002). Counties have the flexibility to use this funding across the entire spectrum of their programs, including support for placement costs.

Title IV-E and the ProtectOhio Waiver

Title IV-E funding is federal money received by the state for partial reimbursement of allowable placement and adoption costs incurred on behalf of eligible children. Title IV-E funding received by the state is the largest single source of federal revenue for child welfare costs, and second only to local funds in its contribution to the statewide cost of children services.

Not all children are Title IV-E eligible and not all costs are Title IV-E allowable. ProtectOhio is a Title IV-E waiver demonstration project designed to test new child welfare program approaches that would enhance the quality of, and access to, services. Under the waiver, 14 counties, comprising approximately one-third of the foster care caseload, act as a managed care provider of foster care services for the federal government. In that capacity, each county receives a monthly pre-paid capitation and the flexibility to use the funds for any legitimate child welfare services, whether or not the child would be eligible for Title IV-E and whether or not the services are traditionally allowable under Title IV-E. The demonstration counties include: Ashtabula, Belmont, Clark, Crawford, Fairfield, Franklin, Greene, Hamilton, Lorain, Medina, Muskingum, Portage, Richland, and Stark.

Since the waiver's inception, the 14 demonstration counties have achieved aggregate internal savings of over 490,000 placement days valued at over $19.0 million in federal funds. Clark, Crawford, Lorain, and Medina counties have reduced cumulative placement utilization in excess of 10 percent and Belmont and Muskingum counties have achieved over a 30 percent reduction. The demonstration is scheduled to run through September 2002, and is subject to an ongoing evaluation by an outside contractor under the joint supervision of Ohio and the federal government. H.B. 94 includes funding for the state's share of that evaluation.

Child Welfare Reform

In 1999, JFS formed the Shareholders Group to assist the department in improving the quality of services to the children and families of Ohio. The Shareholders Group reviewed a myriad of financial, administrative, programmatic, and intersystem issues, looking at program quality, effectiveness, and accountability. To accomplish this work, the Shareholders Group created nine subcommittees that made 58 recommendations for consideration. The Shareholders Group then prioritized its recommendations and issued an executive report containing 21 recommendations for review and consideration by the JFS director.

In addition, reviews by the Auditor of State and the U.S. Department of Health and Human Services highlighted serious, but correctable, weaknesses in Ohio's administration and oversight of child welfare programs and foster care payments under Title IV-E of the Social Security Act.

JFS will not be able to pay, out of line item 600-527, Child Protective Services, the cost associated with instituting all of the recommendations made by the Child Welfare Reform Shareholders Group and the Auditor's Office. However, H.B. 94 includes the use of $32.5 million of TANF funds to support child welfare initiatives, which may include some of the recommendations made by the Shareholders Group and the Auditor. H.B. 94 also created a new line item, 600-691, TANF Child Welfare. The appropriation for this line item is derived from TANF funds transferred to the Social Services Block Grant and amounts to $5.5 million for each fiscal year for expansion and support of county public children services agency activities and $2.0 million per fiscal year for pilot programs targeted at violent and aggressive youth.

Adult Services

The Adult Services program addresses the needs of Ohio's vulnerable adults and families by providing services designed to bring about, and continue, self-support and self-sufficiency. The services are provided directly by the 88 county departments of job and family services with JFS providing program planning, technical assistance, training, and monitoring. Activities include protective services, homemaker services, guardian services, refugee services, and other related services funded through the federal Social Services Block Grant (SSBG) and state funds.

Social Services Block Grant

The SSBG is appropriated under Title XX of the Social Security Act. By federal statute, the delivery of SSBG services must be directed toward five goals:

- To prevent, reduce, or eliminate dependence on public assistance;
- To maintain self-sufficiency once it is achieved;
- To prevent or remedy the neglect, abuse, or exploitation of children and vulnerable adults;
- To reduce inappropriate institutionalization by providing community-based care;
- To provide quality institutional care when other forms of care are insufficient.

To address these national goals, as well as fulfill the department's mission, JFS established 31 service definitions that are designed to provide flexibility in targeting the populations to be served. Examples of terms included in the service definitions are adoption, family planning, employment services, prevention and intervention, home delivered meals, and legal services. Twenty-nine of the definitions are already defined in the federal regulations. However, JFS took one of the definitions, "child care," and divided it into three groups: protective, special needs, and employment and training. Thus, Ohio has 31 service definitions.

JFS receives 72.5 percent of Ohio's SSBG award. The remaining amount is divided between the departments of Mental Health and Mental Retardation and Developmental Disabilities. This distribution applies only to the initial federal award and not to any transfer of TANF funding into the SSBG (often referred to as Title XX).

JFS may use up to 3.0 percent of the SSBG for administration and up to 2.0 percent for statewide training. Historically, 20.0 percent is set aside to support childcare programs under the Workforce Development program area. The balance is allocated to the 88 county departments of job and family services. The county departments are primarily responsible for the social services programs and must develop and implement a local plan for service delivery.

In FY 1998, 523,419 persons received at least one SSBG funded service. In FY 1999, the number of persons was 454,819, a 13.1 percent decrease. The decrease can be attributed to the decline in federal revenue for the SSBG. The following table shows the historical decline in the amount of the SSBG Ohio has received in the past few years.

Decline of Federal Revenue for the Social Services Block Grant in Ohio

Fiscal Year	Amount of the SSBG for the State	JFS' portion of the SSBG (72.5%)
1997	$106.0 million	$76.9 million
1998	$97.0 million	$70.3 million
1999	$80.0 million	$58.0 million
2000	$73.8 million	$53.5 million
2001	$71.1 million	$51.2 million

Please note, a review of historical appropriations and expenditures for the SSBG line item (600-620) does not appear consistent with the above table. However, it can be explained by the fact that this appropriation item is affected by JFS' flexibility to move cash in and out of it. Appropriations and expenditures do not necessarily represent the grant amount received from the federal government. Also, the appropriation level for FY 2002 and FY 2003 is set at the same level as in FY 2001. This appropriation level does not reflect the amount JFS will receive. Historically, the actual amount of the grant has been declining each year.

The social services provided through this program area are paid for through the SSBG, which is 100 percent federally funded. The portion of Ohio's grant award appropriated to JFS is approximately $51.2 million for FY 2002 and $51.3 million for FY 2003. Of the amounts appropriated, approximately $39.4 million is to be spent on social services provided through the Office for Children and Families in each fiscal year. JFS expects the number of individuals receiving at least one SSBG funded service to continue to decline as federal funding continues to decrease. However, if a person is unable to receive a particular service under the SSBG, the person may be able to get that same service elsewhere. For example, some services that would have been delivered through the SSBG are being offered through the Prevention, Retention, and Contingency (PRC) program, which is a TANF program designed to divert families from public assistance.

Adult Protective Services

Under current law, county departments of job and family services are required to investigate and evaluate all reports of suspected abuse, neglect, and exploitation of adults age 60 and older. The law further provides that those found in need of protective services should receive services to the extent funds are available. The services are designed to protect vulnerable Ohioans who are unable to care for themselves and to allow those individuals to achieve and maintain independence to the greatest extent possible.

In FY 2001, approximately $3.0 million of GRF dollars was spent for adult protective services. H.B. 94 appropriates $2.8 million in FY 2002 and $2.7 million in FY 2003 for line item 600-534, Adult Protective Services. The state has provided GRF funding through line item 600-534, Adult Protective Services, since 1989. Each county receives a base allocation of $20,000, with the balance of funds distributed by a formula based on the county's population of persons over the age of 60 compared to that of the state. The decrease in funding will be experienced by all the counties. Currently, there is no federal money specifically set aside for the Adult Protective Services program. Federal Social Services Block Grant funds can be used for Adult Protective Services at the county's discretion.

HEALTH CARE/MEDICAID

OVERVIEW

The Office of Ohio Health Plans in the Department of Job and Family Services (JFS) operates state and federally funded health plans providing health care coverage to certain low-income and medically vulnerable people of all ages through several health care programs: Medicaid, the State Children's Health Insurance Program (SCHIP, created by Social Security Act as Title XXI), the Hospital Care Assurance Program (HCAP -- Ohio's version of the federally required Disproportionate Share Hospital program), and the state Disability Assistance Medical Assistance program (DA).

Medicaid, the largest health program in Ohio, was created in 1965 as Title XIX of the Social Security Act. Medicaid is an entitlement program and is a state-federal partnership that jointly funds the provision of medical care to eligible needy persons. In this partnership, the federal government establishes broad national guidelines, and each state determines its own eligibility requirements, determines the scope of services, sets payment rates for services and administers its program. SCHIP allows Ohio to provide health care coverage to children who were not previously eligible for Medicaid and whose family income is at or below 200 percent of the federal poverty guideline (FPG). Through HCAP, the state reimburses hospitals for some of their costs to provide medical care to persons who lack any source of payment or health care coverage. The DA program is state funded and provides limited medical coverage to persons who are not eligible for a federally funded program.

In Ohio, Medicaid and SCHIP provide health care coverage to about 1.3 million Ohioans every month and applies to people in the following four distinct insurance markets: children in families with incomes at or below 200 percent of FPG; pregnant women with incomes at or below 150 percent of FPL; parents at or below 100 percent of the FPG; and low-income elderly and persons with disabilities of all ages, commonly referred to as the Aged, Blind and Disabled (ABD). Many consumers with disabilities have medical needs so extensive that commercial plans would deem them "uninsurable." Even though Medicare provides coverage for most of Ohio's elderly population, many of these individuals are "dually eligible," and Medicaid supplements their Medicare benefits by providing Medicaid coverage for services such as prescription medications and long-term care. Medicaid also provides assistance to certain seniors with their Medicare premiums, co-payments, and deductibles.

Although other state agencies provide Medicaid services, the vast majority of Medicaid spending occurs within the budget of JFS. Recognized by the federal government as Ohio's single Medicaid agency, JFS provides long-term care and basic medical services with state and federal moneys through GRF line item 600-525, Health Care/Medicaid. In addition, the department's budget includes appropriations for various administrative initiatives, as well as several provider tax programs and other special revenues that are also used to pay for Medicaid services.[9]

The budget act also allows JFS to request up to $150 million from the Budget Stabilization Fund if it is determined that Medicaid expenditures are likely to exceed Medicaid appropriations. Based on the JFS projection for Medicaid biennial expenditures, the department expects to need $65 million in FY 2002 and $85 million in FY 2003 from the Budget Stabilization Fund to support Medicaid service expenditures. Approximately $93 million in FY 2002 and $121 million in FY 2003 in federal financial share will be matched if the above amounts from the Budget Stabilization Fund are spent.

Federal reimbursement for Medicaid spending outside the department passes through Fund 3G5 line item 600-655, Interagency Reimbursement. Please refer to the specific agency's final budget analysis for a more detailed description of these Medicaid related activities, including specific amounts of state and local match also budgeted by other agencies for Medicaid services.

The federal financial share of Ohio's Medicaid program changes every federal fiscal year. In accordance with federal law, the federal government shares in the state's cost of Medicaid at a matching rate known as the FMAP (Federal Medical Assistance Percentage). The FMAP is calculated for each state based upon the state's per capita income in recent years relative to the entire nation. The general description of how this cost-sharing mechanism works has traditionally been as follows: for every one dollar Ohio spends on Medicaid, the federal government gives Ohio 60 cents. However, while the majority of the spending in line item 600-525, Health Care/Medicaid, is matched at the FMAP, a few items, primarily contracts, are matched at 50 percent, and all family planning services receive a 90 percent match. In addition, about 15 percent of Medicare buy-in premiums receive no federal match. Lastly, the State Children's Health Insurance Plan (SCHIP) is matched at an enhanced FMAP of about 70 percent.

Health Care Program Series Funding

The activities of the health care program series provide health care to certain low-income people of all ages who lack the means to pay for medical services and for those for whom health care coverage supports work activity and personal responsibility.

The budget act increased funding for Health Care programs by $1,161.4 million in FY 2002 (14.4 percent above FY 2001 actual expenditures), and by $608.8 million in FY 2003 (6.6 percent above FY 2002 appropriations) to support growth of phase two of Children's Health Insurance Plan ($47.1 million in FY 2002 and $54.7 million in FY 2003), Medicaid Systems Enhancements ($4.4 million in FY 2002 and $1.8 million in FY 2003), Health Care/Medicaid ($7,082.8 million in FY 2002 and $7,573.8 million in FY 2003), and other line items in the Health Care Program Series. GRF appropriations in line item

[9] Provider tax programs refer to assessments on hospitals, as well as bed taxes on nursing facilities and intermediate care facilities for the mentally retarded. The programs serve as a mechanism by which to draw additional federal matching funds.

Other special revenues include funds such as General Services Fund line item 600-671, Medicaid Program Support, for the Disproportionate Share Hospital (DSH) offset, and State Special Revenue Fund line item 600-692, Health Care Services, for drug rebates.

600-525, Health Care/Medicaid, represent approximately 77.1 percent of total appropriations for the Health Care Program Series. The federal financial share of line item 600-525 is approximately 58.9 percent.

Numerous Health Care policy issues have been budgeted for the FY 2002-2003 biennium, many of which are discussed in this analysis. The analysis focuses on line items 600-525, Health Care/Medicaid, with a $7-plus billion appropriation level; 600-426, Children's Health Insurance Plan; 600-436, Medicaid Systems Enhancements; and 600-692, Health Care Services.

Health Care/Medicaid

The budget act increases funding for line item 600-525, Health Care/Medicaid, by $603.5 million in FY 2002 (above FY 2001 actual spending levels), and by $491.0 million in FY 2003 (above FY 2002 appropriations) to support projected caseload growth, higher utilization, inflationary costs, approximately 500 new Home Care Medicaid waiver slots in each year of the biennium, and other policy changes that will increase Medicaid costs. The appropriations in line item 600-525 amount to $7.1 billion in FY 2002 (9.3 percent above FY 2001 actual expenditures) and $7.6 billion in FY 2003 (6.9 percent above FY 2002 appropriations).

Medicaid experienced a surge in caseloads in the latter part of the FY 2000 - FY 2001 biennium resulting from outreach efforts, new marketing strategies, streamlined redetermination processes, a special effort to re-enroll eligible families who lost Medicaid coverage in the early phases of welfare reform, and expansions in eligibility.[10] Although caseloads are projected to be higher for FY 2002 than in FY 2001, the impact of virtually all of the various causes of caseload growth described above is expected to level off substantially in the beginning of FY 2002. Furthermore, LSC expects moderate caseload growth for the FY 2002 - FY 2003 biennium.

While caseload growth contributes to the need for increased funding to maintain program services, another driver of the need is medical inflation. Health economists are predicting increased health care inflation for the coming years as market forces such as the demand for more and expanded health care services continues to push up costs.

The Medicaid health plan provides a package of benefits to eligible consumers that can be categorized into two broad benefit packages: (1) primary and acute care services available to everyone on the Medicaid plan and (2) long-term care services available to individuals with an institutional or nursing home level of care. Included in primary and acute care services are inpatient and outpatient hospital services, physician services, prescription drugs, dental, and a variety of other health-related services.

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[10] In an effort to increase retention of eligible individuals, the redetermination cycle for Healthy Start was increased from every six months to every twelve months in FY 2000-2001 biennium.

In addition, many families who left cash assistance under the OWF program mistakenly believed they were no longer eligible to receive Medicaid benefits.

Lastly, during the FY 2000-2001 biennium, Medicaid eligibility was expanded in three areas. In January 2000, JFS expanded coverage to pregnant women from 133 percent to 150 percent of the FPL. In July 2000, JFS rolled out phase two of the Children's Health Insurance Program (CHIP-II), expanding Healthy Start eligibility to uninsured children from families with incomes between 150 percent and 200 percent of the FPL (phase one of SCHIP was implemented in the FY 1998-1999 biennium through an expansion of Healthy Start to 150 percent of the FPL for all children). Also, in July 2000, JFS expanded coverage to parents with enrolled children for families with incomes at or below 100 percent of the FPL under the Healthy Families program.

These services are delivered either on a fee-for-service basis or through licensed managed care plans. Long-term care services are delivered in community and institutional settings. Aggregate spending is projected to increase significantly for all provider groups. However, with three exceptions, these increases in projected costs are driven by growth in caseloads or changes in utilization and not by an increase in the rates paid by the state to the providers for the services. Only the rates paid to hospital services, prescription drugs, and long-term care facility services such as services provided in nursing homes, are required by the law to be adjusted for inflation.

The expenditures for prescription drugs are rising due to increases in: (1) market prices resulting from the introduction of a large number of new drugs; (2) mass market consumer advertising (in particular television), and (3) to a lesser extent, utilization rates by the ABD Medicaid population. Prescription drug spending represented about 13 percent of Medicaid expenditures in FY 2001.

The spending for services provided at nursing facilities and intermediate care facilities for the mentally retarded (ICFs/MR) is also responsible for the increase in the Medicaid budget. Long-term care facility services spending represented about 40 percent of Medicaid spending in FY 2001. The budget act provides funding for a projected increase in the long-term care facility services expenditures. Contributing to the projected increase is escalating capital costs. In addition, the shortage of, and increased demand for, healthcare workers, such as registered nurses (RN's), licensed practical nurses (LPN's) and nurse aides, coupled with an increase in opportunities for these occupations, is driving up labor costs. Healthcare wages and benefits are particularly affected as facilities compete in a tight labor market to attract these healthcare workers.

Medicaid reimbursement of long-term care facility services: JFS is required to pay the reasonable costs of services that a nursing facility or ICF/MR with a Medicaid provider agreement provides to Medicaid recipients. The amount JFS pays a nursing facility or ICF/MR is determined by formulas established by state law. The following are some of the payment changes to the current nursing facility reimbursement system established by the budget act.

Maximum mean total per diem rate for nursing facilities. The budget act establishes a maximum mean total per diem rate applicable to nursing facilities in FY 2002 and FY 2003. The FY 2001 nursing facilities mean total per diem rate was $132.46. For FY 2002, the mean total per diem rate for all nursing facilities in the state, weighted by Medicaid days and calculated as of July 1, 2001, is not to exceed $143.92. For FY 2003, the mean total per diem rate for all nursing facilities in the state, weighted by Medicaid days and calculated as of July 1, 2002, is not to exceed $152.66, plus any difference between $143.92 and the mean total per diem rate for all nursing facilities in the state for FY 2002, weighted by Medicaid days and calculated as of July 1, 2001, under the law governing the calculation of Medicaid reimbursement rates. If the mean total per diem rate for all nursing facilities in the state for FY 2002 or FY 2003, weighted by Medicaid days and calculated as of the first day of July of the calendar year in which the fiscal year begins, exceeds the maximum amount established by the act, JFS is required to reduce the total per diem rate for each nursing facility in the state by a percentage that is equal to the percentage by which the mean total per diem rate exceeds the maximum amount established by the act for that fiscal year. Adjustments to a nursing facility's Medicaid reimbursement rate required by the law governing the calculation of Medicaid reimbursement rates are to be made during the remainder of the fiscal year in which a reduction required by this provision of the budget act is made.

Additional funding from increase in franchise permit fee. JFS is required to assess an annual franchise permit fee on each long-term care bed in a nursing facility or hospital. Until July 1, 2001, the amount of the fee was $1 for each such bed a nursing facility or hospital has multiplied by the number of days in the fiscal year for which the fee is assessed. There are currently 94,647 long-term care beds in nursing facilities or hospitals. The franchise fee revenue for nursing facilities in FY 2001 was $34,906,946. For FYs 2002 and 2003, the budget act raises the franchise permit fee to $3.30, a $2.30 per bed per day increase. The additional money generated from the increase, and 69.7 percent of the payments related to the franchise permit fee, are to be deposited into the Nursing Facility Stabilization Fund, which the budget act creates in the state treasury. JFS is to use the money in the fund to do all of the following: (1) make payments to nursing facilities under the law governing Medicaid payments to nursing facilities; (2) beginning with payments made to nursing facilities in August 2001, make payments to each nursing facility for each Medicaid day in FYs 2002 and 2003 in an amount equal to 69.7 percent of the franchise permit fee the nursing facility pays for the fiscal year the department makes the payment divided by the nursing facility's inpatient days for the calendar year preceding the calendar year in which that fiscal year begins; and (3) make payments of $1.50 per Medicaid day to all nursing facilities to enhance quality of care.

The Governor vetoed the third use of the money in Am. Sub. H.B. 94 of the 124th General Assembly. However, Am. Sub. H.B. 299 of the 124th General Assembly restores this third use of the Nursing Facility Stabilization Fund with two changes. First, the $1.50 per Medicaid day payment is to be paid to all nursing facilities, rather than just those that pay the franchise permit fee. Second, the purpose of the $1.50 per Medicaid day payment is to enhance quality of care. Reinstating the third use reduces the amounts available for the other two purposes by up to $31.69 million in FY 2002 and up to $32.12 million in FY 2003.

Imputed occupancy. Indirect care and capital cost per diems are to be determined by dividing the nursing facility's actual, allowable costs in a cost reporting period by the greater of the nursing facility's inpatient days for that period or the number of inpatient days the nursing facility would have had during that period if its occupancy rate had been the imputed occupancy rate. The budget act changes Medicaid rates for FY 2002 by allowing (1) indirect care costs to be based on the number of inpatient days a facility would have had during the period if its occupancy rate had been 82 percent in FY 2002 (rather than 85 percent), and (2) capital costs to be based on the number of inpatient days the facility would have had during the period if its occupancy rate had been 88 percent in FY 2002 (rather than 95 percent).[11] A lower imputed occupancy rate results in a higher Medicaid reimbursement for nursing facilities that have an occupancy rate lower than the imputed occupancy rate.

Purchased nursing services. The budget act increases nursing facilities' Medicaid reimbursement rates for direct care costs by providing that costs reported in a nursing facility's cost report for purchased nursing services are to be allowable costs up to 20 percent (rather than 10 percent) of the nursing facility's cost specified in a cost report for services provided by RN's, LPN's and nursing aides who are employees of the nursing facility, plus one half of the amount by which the reported costs for purchased nursing services exceed that percentage. This change is applicable for FY 2002 and thereafter.[12]

Return on equity factor in nursing facility's capital cost rate determination. As part of capital costs, JFS is required to pay each eligible proprietary nursing facility a return on equity computed at the rate of one and one-half times the average interest rate on special issues of public debt obligations issued to the federal Hospital Insurance Trust Fund for a cost reporting period. The budget act reduces the maximum return on equity payment from one dollar to 50 cents per patient day.

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[11] H.B. 403 of the 123rd General Assembly had changed imputed occupancy rate temporarily for FY 2001 to be 75 percent for indirect cost and 85 percent for capital cost.

[12] H.B. 403 of the 123rd General Assembly had changed allowable costs for purchased nursing services temporarily for FY 2001 to be 17 percent.

Changes in nursing home staffing rule. The Department of Health through administrative rule, has increased minimum staffing levels and other minimum quality standards for nursing facilities. A minimum of 2.75 hours of direct care and services per resident per day is required in each nursing home as follows: two hours per resident per day to be provided by nursing aids with the ratio of nurse aides to residents not exceeding one nurse aide for every 15 residents or major part thereof at any time, two-tenths of an hour per resident per day to be provided by registered nurses, and the remainder of the hours may be provided by nurses, nurse aides, etc. JFS projects the cost of this rule change to be $10.1 million in FY 2002, and $13.5 million in FY 2003.

Medicaid coverage of treatment for breast or cervical cancer: If the state plan amendment is approved by the United States Secretary of Health and Human Services, the budget act requires Medicaid coverage of treatment for breast or cervical cancer for women who (1) are under age 65, (2) are not otherwise are eligible for Medicaid, (3) have been screened for breast and cervical cancer under the Centers for Disease Control and Prevention Breast and Cervical Cancer Early Detection program, (4) need treatment for breast or cervical cancer, and (5) would not otherwise be covered under creditable coverage. According to JFS, the estimated cost for this coverage would be approximately $2.6 million in FY 2002 and $5.6 million in FY 2003.

Medicaid managed care: The budget act repeals law that required JFS to establish in Franklin, Hamilton, and Lucas counties a managed care system under which qualified Medicaid recipients were required to obtain medical services from providers designated by JFS. Under the budget act, JFS is permitted to establish a managed care system in some or all counties under which designated Medicaid recipients are required to obtain health care from providers designated by JFS. According to JFS, the purpose of this change is to simplify the law and to eliminate some of the implementation details that were included when the mandatory program was initially established.

Home and community-based waiver programs: Home and community-based waivers are designed to enable Medicaid consumers who are aged, blind, or disabled to receive care in their communities that was previously available only in an institutional setting. Ohio's publicly funded community-based long term care delivery system is administered by a number of state and local agencies using federal, state, and local funds. Medicaid is the principle-funding source for long-term care in Ohio. The state currently has four different waiver programs for target populations, including the elderly, people with physical disabilities, and people with mental retardation or other developmental disabilities. The budget act provides funding to JFS for approximately 500 new Home Care Medicaid waiver slots as well as 500 new Individual Options Medicaid waiver slots in each year of the FY 2002-2003 biennium.

Ohio Access Success Project: The budget act authorizes the Director of JFS to establish the Ohio Access Success Project to help Medicaid recipients make the transition from residing in a nursing facility to residing in a community setting. The director's authority to establish the project is limited to the extent the budget act makes funds available. If the director establishes the project, the director must provide one-time benefits to not more than 75 Medicaid recipients in FY 2002 and not more than 125 Medicaid recipients in FY 2003. No person is to receive more than $2,000 worth of benefits under the project. The estimated spending for this pilot program is $150,000 in FY 2002 and $250,000 in FY 2003.

Adjusting the Hospital Care Service Payment System: JFS plans, with approval of rules by the Joint Committee on Agency Rule Review (JCARR), to implement a plan to bring Ohio in line with the federal Medicare practice of inflating hospital rates based on medical inflation minus 1.0 percent. JFS estimates that this adjustment will moderate growth by approximately $4.6 million in FY 2002 and $16.6 million in FY 2003. The budget act provides additional funding of $300,000 in FY 2002 to contract with industry experts to review the department's hospital payments systems in light of Medicare changes and in regard to trends in the hospital marketplace in general.

Adjusting the Prescription Drug Payment System: Currently, the state pays for prescription drugs 11.0 percent above the wholesale acquisition cost (WAC) for the Medicaid program. The budget act allows JFS to reduce this by 2.0 percent in FY 2003 to 9.0 percent above the WAC. JFS estimates that this reduction will moderate cost growth by $16 million in FY 2003.

The appropriations in the budget act are based on projected costs that included the above reductions in the growth of rates paid to hospitals and pharmacies.

Children's Health Insurance Plan

Phase two of the Children's Health Insurance Plan (CHIP-II) provides medical coverage for uninsured children under age 19 in families with incomes between 150 percent and 200 percent of FPL. The insurance plan takes advantage of structures in place for Healthy Start Medicaid, such as a benefit package, health delivery, and payment systems.

CHIP-II began on July 1, 2000. Under this program, health benefits were provided to a monthly average of 11,201 children in FY 2001. The budget act appropriates $47.1 million in FY 2002 and $54.8 million in FY 2003 (an increase of $30.1 million in FY 2002 and $7.6 million in FY 2003) for this program. These funds are estimated to provide health benefits to 38,836 eligible children per month in FY 2002 and 42,750 eligible children per month in FY 2003.

Ohio currently provides health assistance to certain uninsured, residential parents with family income not exceeding 100 percent of FPL under regular Medicaid. The budget act permits the Director of JFS to seek an amendment to attribute medical costs for some parents to the SCHIP program instead of to regular Medicaid. The match rate on a SCHIP parent expansion would be the enhanced FMAP of just over 70 percent.

Medicaid Systems Enhancements

The Medicaid Management Information System (MMIS) supports the benefits administration of the Ohio Medicaid and Disability Assistance programs. It processes reimbursements to medical providers for services rendered to eligible recipients based on JFS and federal policy. MMIS is a federally certified system for the processing of all Medicaid payments. It includes several subsystems: Recipient, Provider, Claims Processing, Surveillance and Utilization Review System (SURS), Management and Administrative Reporting, and Reference file. In addition to continuing service required to maintain the systems, the budget act provides funding for three major initiatives:

(1) Initial changes toward implementation of the "Administrative Simplification" requirement of the Health Insurance Portability and Accountability Act (HIPAA);

(2) Further development of the Decision Support System, including an upgrade to SURS; and

(3) Development of a nursing home direct billing system.

Funding of $4.4 million in FY 2002 and $1.8 million in FY 2003 is appropriated in a new GRF line item, 600-436, Medicaid Systems Enhancements. Approximately $1.0 million in FY 2002 and $1.9 million in FY 2003 appropriated in this new GRF line item is to support the initial state share of systems redesign costs associated with HIPAA. Additionally, $3.5 million in FY 2002 is to develop a nursing home direct billing system and a decision support system. The federal share of these systems enhancements is contained in Fund 3F0, line item 600-623. The projected federal share of spending for HIPAA is approximately $25 million for the biennium and is approximately $26 million for the Decision Support System.

The Health Insurance Portability and Accountability Act of 1996 contains several provisions designed to make health coverage more accessible, affordable, and portable. HIPAA is designed to protect confidential healthcare information through improved security standards and federal privacy legislation. It defines requirements for storing patient information before, during, and after electronic transmission. It also identifies compliance guidelines for critical business tasks such as risk analysis, awareness training, audit trail, disaster recovery plans, and information access control and encryption.

The Decision Support System initiative has been underway since the last biennium and work is ongoing. The system will provide significant administrative tools for the Medicaid program. With the Decision Support System, JFS expects to make data informed program decisions, monitor program performance and integrity, and provide models for decision-making. In addition to the data analysis and modeling functions available, powerful SURS capabilities will be incorporated into the system for program monitoring and fraud and abuse detection and prevention.

With funding provided in the budget, JFS intends to implement a direct billing system for long-term care facilities, thus administering the system in the same manner as other Medicaid providers. According to JFS, implementation of this plan will improve timeliness of payments and reduce the number of erroneous payments, such as payments of claims for deceased consumers.

Health Care Services

The budget act creates the Prescription Drug Rebates Fund in the state treasury and requires all rebates paid by drug manufacturers to JFS in accordance with a rebate agreement required under federal law to be credited to the account. JFS must use money credited to the fund for Medicaid services and contracts. Appropriations of $223,847,498 in FY 2002 and $255,386,713 in FY 2003 in line item 600-692, Health Care Services, reflect rebate estimates based on prior and current year activity. The appropriations do not represent new spending. Current practice of depositing rebates to the credit of the GRF is not consistent with State Accounting practices. According to JFS, the creation of a new fund and line item corrects this problem.

UNEMPLOYMENT INSURANCE

OVERVIEW

The Unemployment Insurance (UI) program was created as a federal/state partnership for income maintenance during periods of involuntary unemployment, by providing partial compensation for lost wages as a matter of right, to eligible individuals. Such compensation provides a counter-cyclical source of revenue to support the local economy in times of economic downturn. Funds for administration of UI are provided primarily by the U.S. Department of Labor (USDOL) from revenues collected from employers by the Internal Revenue Service pursuant to the Federal Unemployment Tax Act. Benefits are paid through the Unemployment Compensation Trust Fund, which is funded through state insurance taxes that are paid by employers and collected by JFS. The Unemployment Compensation Trust Fund has a balance of approximately $2.4 billion at the present, and is forecast to end FY 2003 with a balance in excess of $2.3 billion.

The UI program is administered by the Office of Unemployment Compensation. The primary goal of the Office of Unemployment Compensation is to collect sufficient employer taxes to support the payment of unemployment compensation benefits to individuals who have become unemployed through no fault of their own.

Through information collected regarding hiring, wages, and benefits, the UI system directly supports the informational needs for measuring outcomes related to employment and supports the interception of benefit payments for the deduction of child support. In addition, this information is used to help detect fraud and prevent overpayments in such programs as TANF, workers compensation, railroad retirement benefits, as well as unemployment compensation itself.

BUDGET ISSUES

Local Office Closings

JFS plans to close 56 local unemployment offices over a 15-month period and replace these local offices with an expansion, from 7 to 21, in the number of telephone registration centers. JFS estimates that this reorganization will produce a "cost avoidance" of $10 million in FY 2003. (For further detail, please see the discussion under the heading "Reorganization of Local Operation" in the Administration section.)

Benefit Automation

The Unemployment Insurance program is currently involved in the completion of a multi-year project called Ohio Job Insurance Project. The mission of the project is to redesign business processes and apply advanced technology to improve the accuracy, accountability, accessibility, and efficiency of UI benefits service for employers and claimants. Funding for the project was obtained through legislation in 1995 (H.B. 275 of the 121^{st} General Assembly) enacted to establish an unemployment benefit reserve fund. Interest on the principal maintained in the reserve fund is to be used to pay for the costs of automation and reengineering. To support this project, appropriation authority for line item 600-685 is increased by the budget act to $19.6 million for FY 2002 and $13.6 million for FY 2003. Actual spending from the line item in FY 2001 was $3.2 million.

Unemployment Compensation Review Committee

The Unemployment Compensation Review Committee handles appeals of benefits determinations. Under the budget act, the Unemployment Compensation Review Committee will receive funding through two new line items: GRF line item 600-435, Unemployment Compensation Review Committee and Federal Special Revenue Fund 3V4, line item 600-679, Unemployment Compensation Review Committee-Federal.

ADMINISTRATION

OVERVIEW

Central Administration within the Department of Job and Family Services (JFS) consists of the Director's Office and the offices of the Chief Inspector; Communications; Fiscal Services; Internal Administration; Legal Services; Legislation; Professional Development and Quality Services; and Research, Assessment & Accountability. Besides the leadership and direction-setting roles of the Director's Office, the component offices provide most of the support services that allow the program offices to pursue accomplishments of the JFS outcomes.

Through its Office of Management Information Services (MIS), JFS provides information systems to meet the department's operational and managerial decision-making needs. It reviews and approves state and county data processing needs and processes Medicaid, public assistance, and social services claims. It also designs, develops, implements, and provides technical support to the department's computer systems for Medicaid, public assistance, social services, child support enforcement programs, employment services, and workforce development.

GRF line items 600-100, Personal Services; 600-200, Maintenance; and 600-300, Equipment, while the primary source of funding for central administration, are allocated across program areas throughout JFS. Appropriation amounts for FY 2002 and FY 2003 include in the 100, 200, and 300 line items funding previously appropriated in line items 600-406, Workforce Development; 600-407, UI/ES Operating; 600-408, Labor Market Projections; 600-414, Apprenticeship Council; and 600-429, Women's Programs. These appropriation items are subject to the provision in H.B. 94 that reduced by 1.5 percent GRF appropriations in FY 2002 and FY 2003. The final appropriations for those line items are $116.9 million in FY 2002 and $107.6 million in FY 2003. JFS plans to implement an early retirement incentive to cut administrative costs and eliminate duplicate functions. The 1.5 percent reduction has required JFS to implement reductions across all program areas.

JFS also has plans to reorganize the local service delivery system that includes the delivery of unemployment compensation services via telephone by state staff. This will result in the closing of 56 local offices and the expansion of the number of Telephone Registration Centers (TRCs) from seven to 21. H.B. 94 provides some funding for the cost of the physical reorganization of the local offices. However, since plans for the reorganization are still being discussed and not yet finalized, the implications of H.B. 94 on the local operation reorganization is not fully ascertainable.

Primarily through line item 600-416, Computer Projects, JFS funds the development and implementation of various computer systems and projects. The final appropriations for this line item are $170.2 million in FY 2002 and $177.7 million in FY 2003. Due to the many factors that affect MIS, resulting in continuous priority changes, the implication of the final appropriation amounts for this line item cannot be fully realized at this time.

Central Administration

JFS central administration consists of several offices. The Office of the Chief Inspector is responsible for department security matters, monitoring and follow-up to audits of the department conducted by outside entities, and ensuring civil rights compliance. The Office of Communications informs the public, via the news media, and other customers about JFS programs and issues. The Office of Fiscal Services provides a wide range of financial management and support to the department's program areas, other administrative offices, and county agencies. The Office of Internal Administration includes the department's personnel, office services, facility management, Equal Employment Opportunity, and contract management functions. The Office of Legal Services' responsibilities, in addition to managing all litigation and providing legal counsel and advice to the department, include legislation, administrative rule and policy review, and operation of a State Hearings Unit to ensure due process for department customers. The Office of Legislation responds to constituent inquires and is the department's principal liaison to the General Assembly. The Office of Professional Development and Quality Services administers and develops programs for employee training, development, education, and cultural awareness. The Office of Research, Assessment & Accountability provides a range of services for department offices including program research and evaluation, quality assessment, labor market information, and auditing.

Early Retirement Incentive

Given the appropriation levels in H.B. 94 and the continuing transition period following the merger of the Department of Human Services and the Bureau of Employment Services, JFS has implemented an early retirement incentive program as a way to cut administrative costs and eliminate duplicate functions. As of April 1, 2001, JFS began offering a one-year early retirement incentive to all eligible employees. The early retirement incentive will be available until March 31, 2002. JFS expects the retirement incentive to be self-funded. While JFS will be required to pay the employees' contributions to the Public Employees Retirement System (PERS), it will save on the salaries that would have been paid if the individuals had not taken advantage of the early retirement incentive. JFS will only be able to back fill approximately 33 percent of those positions left open from retiring employees.

Five hundred seventy-six employees have been identified as eligible, and so far 270 have indicated their intention to take advantage of the incentive (indication of intention is not binding and an individual may change his or her decision). JFS has referred 127 responses to PERS and 92 employees have left employment under the program as of August 15, 2001. If all 576 eligible employees take advantage of the early retirement incentive, the cost to JFS will be $9,858,897. However, JFS does not expect all who are eligible to take advantage of this program and at this time JFS does not know what the final number will be.

MANAGEMENT INFORMATION SYSTEMS

The Office of Management Information Services provides information systems to meet the department's operational and managerial decision-making needs. Primarily through line item 600-416, Computer Projects, JFS funds the development and implementation of computer projects, such as the Client Registration Information System-Enhanced (CRIS-E) and the Medicaid Management Information System (MMIS). Other major projects include the Support Enforcement Tracking System (SETS) and the Family and Children Services Information System (FACSIS). There are several new projects in the development phase including: the Electronic Integrated Client Management System (eICMS), Ohio Works, Statewide Automated Child Welfare Information System (SACWIS), and Ohio Job Insurance (OJI). MIS currently has a staff that includes 297 state employees and, at any given time, approximately 613 contractors.

According to JFS, there are a number of challenges that MIS will face in FY 2002 and FY 2003, including contract rates, workloads, management of new development, rapid technology changes, and the integration of still separate Department of Human Services' (HUM) and Bureau of Employment Services' (BES) computer systems and network.

Contract Rates

The department's ability to fill MIS positions has been somewhat problematic. Due to many factors, including a tight labor market, JFS has made use of contract employees to fill the voids.

Many of the MIS contracts have been around for the past eight to ten years (two-year contracts with renewal clauses). MIS is in the process of rebidding all of its contracts and is not sure of what to expect. Since many of the rates were negotiated several years ago and have been augmented with only annual cost of living increases, the new rates could be considerably higher.

Workloads

As mentioned above, MIS has 297 state employees and approximately 613 contractors. State employees include information technology employees and data processing/project support professionals. One year ago, MIS had 370 state employees. Due to attrition of information technology employees and a limit on contract expenditures, MIS must carefully balance its staff to ensure services are being provided.

Management of New Development

Changes in state and federal law and customer user needs require continual changes or additions to various computer systems and projects that can entail considerable resources (time, personnel, and equipment).

Industry Changes

The information technology industry changes rapidly and software and equipment quickly become obsolete. For example, as of April 1, 2001, Novell no longer supports the version of Netware that MIS uses. This means that should MIS have any problems with Netware, the software company that developed and sells Netware is no longer available for assistance in troubleshooting problems. This software is the fundamental component to operating the network that supports over 20,000 state and county users.

Merger

Operationally, MIS still operates two computer systems. MIS has established a three to five year plan for full integration of the HUM and BES computer systems. The HUM system is an IBM platform-based system and the BES system is a Unisys platform-based system. With two systems, it is difficult to achieve economies of scale.

H.B. 94 appropriates $170.2 million in FY 2002 and $177.7 million in FY 2003 for line item 600-416, Computer Projects. According to JFS, the impact of the appropriation amounts on the JFS computer systems cannot be fully realized at this time. As federal and state law changes, MIS contracts are rebid, the information technology industry continues to change at an ever-increasing rate, and JFS continues to work through merger issues, MIS priorities may change.

Reorganization of Local Operations

Currently, JFS manages and maintains 1.5 million square feet of state-owned and leased properties. JFS plans to reorganize the local service delivery system. The reorganization will reduce the amount of square feet needed to house employees by 50 percent. JFS will deliver unemployment compensation services via telephone by state staff. This will result in the closing of 56 local offices and the expansion of the number of Telephone Registration Centers (TRCs) from seven to twenty-one. Adjudication services will be transferred from the local offices to TRCs and be performed by state staff. Specially trained state staff will be dedicated to work closely with claimants to help them find work.

JFS plans to intensify support of business-driven local workforce policy boards as they continue to create workforce systems that meet local needs; specifically, providing more technical assistance and support to the development of one-stop service centers. JFS also plans to establish a team dedicated to ensuring a smooth transition as services are transferred from local offices to TRCs. JFS will continue face-to-face services for veterans.

H.B. 94 requires the director to present a report to the members of the House Finance and Appropriations Committee on or before October 1, 2001 that describes the director's plan to replace the existing local public offices with telephone registration centers, mail claims centers, or one-stop employment centers. It also requires the report to contain specific information concerning plans for staffing, cost projections, and a description of funding sources broken down by federal, state, and local funding expectations.

H.B. 94 provides an increase in line item 600-300, Equipment, which according to JFS, will help fund the cost of the physical reorganization. JFS plans to purchase modular furniture for the new local offices so that it can be easily configured and reconfigured as needed. Since plans for the reorganization are still being discussed and have yet to be finalized, LSC was not able to ascertain more fully the implications of H.B. 94 on the local operation reorganization. JFS estimates that the reorganization will reduce GRF-funded operating costs by $10.0 million in FY 2003.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

JFS Job and Family Services, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	600-100	Personal Services	$ 0	$ 0	$55,294,474	$ 74,130,805	34.07%	$ 76,863,214	3.69%
GRF	600-200	Maintenance	$ 0	$ 0	$22,886,898	$ 37,168,385	62.40%	$ 29,697,111	-20.10%
GRF	600-300	Equipment	$ 0	$ 0	$458,288	$ 5,564,123	1,114.11%	$ 996,390	-82.09%
GRF	600-402	Electronic Benefits Transfer (EBT)	$ 0	$ 0	$11,230,219	$ 14,876,071	32.46%	$ 15,198,706	2.17%
GRF	600-405	Family Violence Prevention Program	$ 0	$ 0	$715,078	$ 0	-100.00%	$ 0	N/A
GRF	600-406	Workforce Development	$ 0	$ 0	$314,327	$ 0	-100.00%	$ 0	N/A
GRF	600-407	Unemployment Insurance/Employment	$ 0	$ 0	$22,579,652	$ 0	-100.00%	$ 0	N/A
GRF	600-408	Labor Market Projections	$ 0	$ 0	$147,023	$ 0	-100.00%	$ 0	N/A
GRF	600-410	TANF State	$ 0	$ 0	$259,428,144	$ 268,636,561	3.55%	$ 268,619,061	-0.01%
GRF	600-411	TANF Federal Block Grant	$ 0	$ 0	$541,453,386	$ 0	-100.00%	$ 0	N/A
GRF	600-413	Day Care Match/MOE	$ 0	$ 0	$89,162,077	$ 84,120,606	-5.65%	$ 84,120,606	0.00%
GRF	600-414	Apprenticeship Council	$ 0	$ 0	$172,018	$ 0	-100.00%	$ 0	N/A
GRF	600-416	Computer Projects	$ 0	$ 0	$108,520,778	$ 170,248,377	56.88%	$ 177,679,089	4.36%
GRF	600-420	Child Support Administration	$ 0	$ 0	$4,367,517	$ 7,919,511	81.33%	$ 7,885,309	-0.43%
GRF	600-426	Children's Health Insurance Plan	$ 0	$ 0	$23,957,445	$ 47,106,345	96.63%	$ 54,739,233	16.20%
GRF	600-427	Child and Family Services Activities	$ 0	$ 0	$2,737,524	$ 7,081,250	158.67%	$ 6,895,421	-2.62%
GRF	600-428	Wellness Block Grant	$ 0	$ 0	$14,158,152	$ 0	-100.00%	$ 0	N/A
GRF	600-429	Women's Programs	$ 0	$ 0	$464,638	$ 0	-100.00%	$ 0	N/A
GRF	600-434	Nutrition Programs	----	$ 0	$2,548,603	$ 0	-100.00%	----	N/A
GRF	600-435	Unemployment Compensation Review	----	----		$ 3,702,764	N/A	$ 3,728,599	0.70%
GRF	600-436	Medicaid Systems Enhancements	----	----		$ 4,378,703	N/A	$ 1,825,807	-58.30%
GRF	600-502	Child Support Match	$ 0	$ 0	$20,765,684	$ 17,383,992	-16.29%	$ 16,814,103	-3.28%
GRF	600-504	Non-TANF County Administration	$ 0	$ 0	$74,483,825	$ 69,496,057	-6.70%	$ 67,667,214	-2.63%
GRF	600-511	Disability/Other Assistance	$ 0	$ 0	$71,441,628	$ 84,662,017	18.51%	$ 98,152,408	15.93%
GRF	600-512	Non-TANF Emergency Assistance	$ 0	$ 0	$4,218,417	$ 1,062,815	-74.81%	$ 1,062,815	0.00%
GRF	600-522	Burial Claims	$ 0	$ 0	$1,211,575	$ 0	-100.00%	$ 0	N/A
GRF	600-525	Health Care/Medicaid	$ 0	$ 0	$6,479,302,550	$ 7,082,761,191	9.31%	$ 7,573,807,482	6.93%
GRF	600-527	Child Protective Services	$ 0	$ 0	$55,095,487	$ 58,698,178	6.54%	$ 63,086,767	7.48%
GRF	600-528	Adoption Services	$ 0	$ 0	$51,762,347	$ 65,243,587	26.04%	$ 74,339,503	13.94%

Line Item Detail by Agency

JFS Job and Family Services, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	600-534	Adult Protective Services	$ 0	$ 0	$3,031,333	$ 2,808,210	-7.36%	$ 2,734,311	-2.63%
GRF	600-552	County Social Services	$ 0	$ 0	$11,909,349	$ 11,184,232	-6.09%	$ 10,889,910	-2.63%
General Revenue Fund Total			**$ 0**	**$ 0**	**$ 7,933,818,438**	**$ 8,118,233,781**	**2.32%**	**$ 8,636,803,057**	**6.39%**
613	600-645	Training Activities	----	$ 0		$ 1,462,626	N/A	$ 1,157,525	-20.86%
4A8	600-658	Child Support Collections	----	$ 0	$42,097,618	$ 42,389,027	0.69%	$ 42,389,027	0.00%
4R4	600-665	BCII Service Fees	----	$ 0	$7,201	$ 124,522	1,629.23%	$ 136,974	10.00%
5C9	600-671	Medicaid Program Support	----	$ 0	$66,976,461	$ 50,846,239	-24.08%	$ 59,226,893	16.48%
5R1	600-677	County Computers	----	----		$ 5,000,000	N/A	$ 5,000,000	0.00%
General Services Fund Group Total			**----**	**$ 0**	**$ 109,081,280**	**$ 99,822,414**	**-8.49%**	**$ 107,910,419**	**8.10%**
316	600-602	State and Local Training	----	$ 0	$2,268,595	$ 10,166,587	348.14%	$ 10,325,460	1.56%
327	600-606	Child Welfare	----	$ 0	$8,609,288	$ 34,594,191	301.82%	$ 34,592,977	0.00%
384	600-610	Food Stamps and State Administration	----	$ 0	$74,749,539	$ 160,371,358	114.54%	$ 161,716,857	0.84%
385	600-614	Refugee Services	----	$ 0	$2,632,291	$ 4,388,503	66.72%	$ 4,559,632	3.90%
395	600-616	Special Activities/Child and Family Serv	----	$ 0	$2,983,998	$ 9,491,000	218.06%	$ 9,491,000	0.00%
3H7	600-617	Day Care Federal	----	$ 0	$236,674,197	$ 299,156,430	26.40%	$ 337,848,130	12.93%
396	600-620	Social Services Block Grant	----	$ 0	$49,676,213	$ 51,195,100	3.06%	$ 51,297,478	0.20%
3S5	600-622	Child Support Projects	----	$ 0	$280,831	$ 534,050	90.17%	$ 534,050	0.00%
3F0	600-623	Health Care Federal	----	$ 0	$152,660,702	$ 260,504,926	70.64%	$ 281,562,040	8.08%
397	600-626	Child Support	----	$ 0	$204,035,181	$ 248,001,590	21.55%	$ 247,353,041	-0.26%
398	600-627	Adoption Maintenance/Administration	----	$ 0	$169,106,232	$ 277,806,175	64.28%	$ 341,298,661	22.85%
3N0	600-628	IV-E Foster Care Maintenance	----	$ 0	$117,877,069	$ 152,981,760	29.78%	$ 173,963,142	13.71%
3A2	600-641	Emergency Food Distribution	----	$ 0	$1,777,005	$ 2,018,844	13.61%	$ 2,018,844	0.00%
3D3	600-648	Children's Trust Fund Federal	----	$ 0	$731,712	$ 2,040,524	178.87%	$ 2,040,524	0.00%
3F0	600-650	Hospital Care Assurance Match	----	$ 0	$309,093,463	$ 320,551,643	3.71%	$ 332,807,785	3.82%
3G5	600-655	Interagency Reimbursement	----	$ 0	$724,031,893	$ 852,461,818	17.74%	$ 860,986,436	1.00%
3G9	600-657	Special Activities Self Sufficiency	----	$ 0	$520,301	$ 522,500	0.42%	$ 190,000	-63.64%
3V4	600-678	Federal Unemployment Programs	----	----		$ 74,025,525	N/A	$ 74,025,525	0.00%
3V4	600-679	Unemployment Compensation Review	----	----		$ 2,286,421	N/A	$ 2,286,421	0.00%
365	600-681	Job Training Program	----	$ 0	$21,232,216	$ 25,000,000	17.75%	$ 5,469,259	-78.12%
331	600-686	Federal Operating	----	$ 0	$101,658,727	$ 41,600,896	-59.08%	$ 41,640,897	0.10%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
JFS	**Job and Family Services, Department of**								
3V0	600-688	Workforce Investment Act	----	$ 0	$62,989,353	$ 128,476,093	103.96%	$ 128,476,093	0.00%
3V6	600-689	TANF Block Grant	----	----		$ 654,410,661	N/A	$ 677,098,311	3.47%
3V6	600-690	Wellness	----	----		$ 14,337,515	N/A	$ 14,337,515	0.00%
Federal Special Revenue Fund Group Total			**----**	**$ 0**	**$ 2,243,588,806**	**$ 3,626,924,110**	**61.66%**	**$ 3,795,920,078**	**4.66%**
600	600-603	Third-Party Recoveries	----	$ 0	$885,771	$ 0	-100.00%	$ 0	N/A
4E7	600-604	Child and Family Services Collections	----	$ 0		$ 145,805	N/A	$ 149,450	2.50%
4E3	600-605	Nursing Home Assessments	----	$ 0	$7,353	$ 95,511	1,198.88%	$ 95,511	0.00%
4A9	600-607	Unemployment Compensation Admin F	----	$ 0	$7,782,037	$ 9,420,000	21.05%	$ 9,420,000	0.00%
5R2	600-608	Medicaid-Nursing Facilities	----	----		$ 59,462,415	N/A	$ 79,283,220	33.33%
4F1	600-609	Foundation Grants/Child & Family Servi	----	$ 0		$ 116,400	N/A	$ 119,310	2.50%
4V2	600-612	Child Support Activities	----	$ 0		$ 124,993	N/A	$ 124,993	0.00%
4J5	600-613	Nursing Facility Bed Assessments	----	$ 0	$29,707,332	$ 31,179,798	4.96%	$ 31,279,798	0.32%
4J5	600-618	Residential State Supplement Payment	----	$ 0	$14,139,057	$ 15,700,000	11.04%	$ 15,700,000	0.00%
4K1	600-621	ICF/MR Bed Assessments	----	$ 0	$24,846,488	$ 21,604,331	-13.05%	$ 22,036,418	2.00%
4Z1	600-625	Healthcare Compliance	----	$ 0	$421,720	$ 10,000,000	2,271.24%	$ 10,000,000	0.00%
5E6	600-634	State Option Food Stamps	----	$ 0		$ 6,000,000	N/A	$ 0	-100.00%
3W8	600-638	Hippy Program	----	----		$ 62,500	N/A	$ 0	-100.00%
3W9	600-640	Adoption Connection	----	----		$ 50,000	N/A	$ 0	-100.00%
198	600-647	Children's Trust Fund	----	$ 0	$2,382,201	$ 4,368,785	83.39%	$ 4,379,333	0.24%
651	600-649	Hospital Care Assurance Program Fund	----	$ 0	$217,740,460	$ 222,480,109	2.18%	$ 233,384,431	4.90%
4N7	600-670	Wellness Block Grant	----	$ 0	$1,000,000	$ 0	-100.00%	$ 0	N/A
4G1	600-683	Interagency Agreements	----	$ 0	$45,493	$ 0	-100.00%	$ 0	N/A
557	600-684	Apprenticeship Council Conference	----	$ 0	$31,697	$ 0	-100.00%	$ 0	N/A
5A5	600-685	Unemployment Benefit Automation	----	$ 0	$3,231,898	$ 19,607,027	506.67%	$ 13,555,667	-30.86%
4R3	600-687	Banking Fees	----	$ 0	$314,920	$ 592,937	88.28%	$ 592,937	0.00%
5P4	600-691	TANF Child Welfare	----	----		$ 7,500,000	N/A	$ 0	-100.00%
5P5	600-692	Health Care Services	----	----		$ 223,847,498	N/A	$ 255,386,713	14.09%
3W3	600-695	Adult Protective Services	----	----		$ 120,227	N/A	$ 0	-100.00%
3W3	600-696	Non-TANF Adult Assistance	----	----		$ 1,000,000	N/A	$ 0	-100.00%
State Special Revenue Fund Group Total			**----**	**$ 0**	**$ 302,536,426**	**$ 633,478,336**	**109.39%**	**$ 675,507,781**	**6.63%**

Line Item Detail by Agency

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
JFS	***Job and Family Services, Department of***								
5B6	600-601	Food Stamp Intercept	----	$ 0	$442,797	$ 5,283,920	1,093.30%	$ 5,283,920	0.00%
583	600-642	Support Intercept-State	----	$ 0	$15,434,147	$ 20,162,335	30.63%	$ 20,565,582	2.00%
192	600-646	Support Intercept-Federal	----	$ 0	$106,889,760	$ 80,000,000	-25.16%	$ 82,000,000	2.50%
Agency Fund Group Total			**----**	**$ 0**	**$ 122,766,703**	**$ 105,446,255**	**-14.11%**	**$ 107,849,502**	**2.28%**
R12	600-643	Refunds and Audit Settlements	----	$ 0	$10,673	$ 200,000	1,773.87%	$ 200,000	0.00%
R13	600-644	Forgery Collections	----	$ 0		$ 700,000	N/A	$ 700,000	0.00%
Holding Account Redistribution Fund Group Total			**----**	**$ 0**	**$ 10,673**	**$ 900,000**	**8,332.41%**	**$ 900,000**	**0.00%**
Job and Family Services, Department of Total			***$ 0***	***$ 0***	***$ 10,711,802,327***	***$ 12,584,804,896***	***17.49%***	***$ 13,324,890,837***	***5.88%***

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill — **Version:** Enacted

BES Employment Services, Bureau of

Fund	ALI	Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	795-404	Migrant Rest Center Operating	$ 158,506	$ 39,754		----	N/A	----	N/A
GRF	795-406	Workforce Development	$ 349,119	$ 317,072		----	N/A	----	N/A
GRF	795-407	OBES Operating	$ 22,429,724	$ 23,297,167		----	N/A	----	N/A
GRF	795-408	Labor Market Projections	$ 161,598	$ 155,392	$111	----	N/A	----	N/A
GRF	795-409	School-to-Work	$ 0	----		----	N/A	----	N/A
GRF	795-410	Women's Programs	$ 500,131	$ 392,265	$1,488	----	N/A	----	N/A
GRF	795-411	Employment & Training Centers	$ 456,420	$ 41,107		----	N/A	----	N/A
GRF	795-412	Prevailing Wage/Minimum Wage & Min	$ 2,250,471	$ 2,278,515		----	N/A	----	N/A
GRF	795-413	OSHA Match	$ 147,554	$ 119,010		----	N/A	----	N/A
GRF	795-414	Apprenticeship Council	$ 239,505	$ 161,614		----	N/A	----	N/A
GRF	795-416	Veterans' Programs	$ 44,760	$ 0		----	N/A	----	N/A
GRF	795-417	Public Employee Risk Reduction Progra	$ 1,329,021	$ 1,372,207		----	N/A	----	N/A
GRF	795-418	TANF E & T	$ 284,095	$ 215,584		----	N/A	----	N/A
General Revenue Fund Total			**$ 28,350,904**	**$ 28,389,687**	**$ 1,599**	**----**	**N/A**	**----**	**N/A**
331	795-601	Federal Operating	$ 126,806,943	$ 123,215,328	$2,692,552	$ 0	-100.00%	$ 0	N/A
365	795-602	Job Training Program	$ 106,982,286	$ 105,920,354	$35,670	$ 0	-100.00%	$ 0	N/A
349	795-614	OSHA Enforcement	$ 1,356,098	$ 1,203,426		$ 0	N/A	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 235,145,327**	**$ 230,339,108**	**$ 2,728,222**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
6B0	795-606	Surcharge Operating Supplement	$ 0	$ 20,710		$ 0	N/A	$ 0	N/A
4A9	795-607	Unemployment Compensation Administ	$ 7,854,617	$ 13,879,208	$57,413	$ 0	-100.00%	$ 0	N/A
4R3	795-609	Banking Fees	$ 269,039	$ 239,496		$ 0	N/A	$ 0	N/A
4G1	795-610	Interagency Agreements	$ 286,847	$ 104,135		$ 0	N/A	$ 0	N/A
4M9	795-611	Public Employee Risk Reduction Progra	$ 0	$ 0		$ 0	N/A	$ 0	N/A
557	795-613	Apprenticeship Council Conference	$ 20,592	$ 24,453		$ 0	N/A	$ 0	N/A
5A5	795-616	Unemployment Comp Benefit Automati	$ 2,298,260	$ 391,869		$ 0	N/A	$ 0	N/A
5B4	795-617	Unemployment Comp Benefit Reserve	$ 0	----		----	N/A	----	N/A
State Special Revenue Fund Group Total			**$ 10,729,355**	**$ 14,659,871**	**$ 57,413**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
Employment Services, Bureau of Total			***$ 274,225,586***	***$ 273,388,666***	***$ 2,787,234***	***$ 0***	***-100.00%***	***$ 0***	***N/A***

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill **Version:** Enacted

HUM Human Services, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	400-100	Personal Services	$ 48,945,106	$ 50,491,756	$386,732	$ 0	-100.00%	$ 0	N/A
GRF	400-200	Maintenance	$ 24,078,851	$ 23,774,040	$1,671,684	$ 0	-100.00%	$ 0	N/A
GRF	400-300	Equipment	$ 654,184	$ 1,007,876	$1,751,103	$ 0	-100.00%	$ 0	N/A
GRF	400-401	Day Care Licensing	$ 0	----		----	N/A	----	N/A
GRF	400-402	Electronic Benefits Transfer	$ 5,260,005	$ 11,374,492	$2,466,844	$ 0	-100.00%	$ 0	N/A
GRF	400-403	Vocational Rehabilitation	$ 0	----		----	N/A	----	N/A
GRF	400-405	Family Violence Prevention Program	$ 637,001	$ 905,173	$45,884	$ 0	-100.00%	$ 0	N/A
GRF	400-406	Medicaid Audit & Waiver Admin.	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	400-408	Child & Family Services Activities	$ 2,678,568	$ 3,354,546	$609,164	$ 0	-100.00%	$ 0	N/A
GRF	400-409	Wellness Block Grant	$ 14,066,598	$ 14,214,071		$ 0	N/A	$ 0	N/A
GRF	400-410	TANF State	$ 259,751,269	$ 260,646,170	$802,273	$ 0	-100.00%	$ 0	N/A
GRF	400-411	TANF Federal Block Grant	$ 451,643,363	$ 519,290,702	$37,938,284	$ 0	-100.00%	$ 0	N/A
GRF	400-413	Day Care Match/Maintenance of Effort	$ 76,454,287	$ 83,797,784	$87,283	$ 0	-100.00%	$ 0	N/A
GRF	400-414	State Option Food Stamp Programs	$ 0	$ 2,513,572		$ 0	N/A	$ 0	N/A
GRF	400-415	Welfare Reform/Jobs	$ 6,945	$ 0		$ 0	N/A	$ 0	N/A
GRF	400-416	Computer Projects	$ 95,191,610	$ 101,099,610	$24,403,850	$ 0	-100.00%	$ 0	N/A
GRF	400-420	Child Support Administration	$ 4,414,356	$ 19,043,282	$764,701	$ 0	-100.00%	$ 0	N/A
GRF	400-502	Child Support Match	$ 20,201,396	$ 20,207,692		$ 0	N/A	$ 0	N/A
GRF	400-503	Aid to Dependent Children	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	400-504	Non-TANF County Administration	$ 67,104,546	$ 75,422,888	$8,922,289	$ 0	-100.00%	$ 0	N/A
GRF	400-505	Family Emergency Assist Payments	$ 0	----		----	N/A	----	N/A
GRF	400-506	General/Medical Assistance	$ 3,935	$ 126		$ 0	N/A	$ 0	N/A
GRF	400-507	Administration & Adjustments	$ 931,088	$ 0		$ 0	N/A	$ 0	N/A
GRF	400-511	Disability Assistance/Other Assistance	$ 57,832,144	$ 59,676,338		$ 0	N/A	$ 0	N/A
GRF	400-512	Non-TANF Emergency Assistance	$ 3,430,667	$ 4,181,424		$ 0	N/A	$ 0	N/A
GRF	400-522	Burial Claims	$ 394,647	$ 2,140,333	$73,643	$ 0	-100.00%	$ 0	N/A
GRF	400-525	Health Care/Medicaid	$ 5,229,514,139	$ 5,525,569,750	$2,428,547	$ 0	-100.00%	$ 0	N/A
GRF	400-527	Child Protective Services	$ 49,328,869	$ 54,564,072		$ 0	N/A	$ 0	N/A
GRF	400-528	Adoption Services	$ 49,394,175	$ 50,172,735	$3,596,949	$ 0	-100.00%	$ 0	N/A

Line Item Detail by Agency

HUM Human Services, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	400-534	Adult Protective Services	$ 2,760,688	$ 2,704,292	$113,598	$ 0	-100.00%	$ 0	N/A
GRF	400-536	ADC Day Care	$ 0	----		----	N/A	----	N/A
GRF	400-550	Day Care	$ 0	----		----	N/A	----	N/A
GRF	400-552	County Social Services	$ 12,072,886	$ 12,072,866		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 6,476,751,323**	**$ 6,898,225,590**	**$ 86,062,830**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
613	400-645	Training Activities	$ 300	$ 0		$ 0	N/A	$ 0	N/A
4A8	400-658	Child Support Collections	$ 35,186,149	$ 42,684,961		$ 0	N/A	$ 0	N/A
4R4	400-665	BCII Service Fees	$ 6,719	$ 8,463		$ 0	N/A	$ 0	N/A
5C9	400-671	Medicaid Program Support	$ 14,753,156	$ 105,962,126		$ 0	N/A	$ 0	N/A
5C9	400-672	Medicaid Services	$ 41,210,817	$ 0		$ 0	N/A	$ 0	N/A
General Services Fund Group Total			**$ 91,157,141**	**$ 148,655,550**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
316	400-602	State and Local Training	$ 4,454,029	$ 3,427,966	$2,696,574	$ 0	-100.00%	$ 0	N/A
327	400-606	Child Welfare	$ 18,362,716	$ 9,968,711	$10,315,693	$ 0	-100.00%	$ 0	N/A
384	400-610	Food Stamps and State Administration	$ 81,686,771	$ 73,331,294	$5,304,493	$ 0	-100.00%	$ 0	N/A
385	400-614	Foreign Refugees	$ 2,000,568	$ 2,084,922	$525,129	$ 0	-100.00%	$ 0	N/A
395	400-616	Special Activities/Child and Family Serv	$ 4,210,255	$ 2,707,842	$1,998,804	$ 0	-100.00%	$ 0	N/A
3H7	400-617	Day Care Federal	$ 127,751,751	$ 162,544,168	$4,204,663	$ 0	-100.00%	$ 0	N/A
396	400-620	Social Services Block Grant	$ 68,731,993	$ 59,521,760	$3,087,783	$ 0	-100.00%	$ 0	N/A
3S5	400-622	Child Support Projects	$ 245,577	$ 528,628		$ 0	N/A	$ 0	N/A
3F0	400-623	Health Care Federal	$ 152,609,097	$ 241,103,462	$14,906,125	$ 0	-100.00%	$ 0	N/A
397	400-626	Child Support	$ 176,334,982	$ 175,180,373	$35,021,482	$ 0	-100.00%	$ 0	N/A
398	400-627	Adoption Maintenance/Administration	$ 106,199,325	$ 167,234,623	$4,622,768	$ 0	-100.00%	$ 0	N/A
3N0	400-628	IV-E Foster Care Maintenance	$ 116,797,039	$ 118,305,373		$ 0	N/A	$ 0	N/A
3A1	400-640	Income Maint. Reimbursement	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3A2	400-641	Emergency Food Distribution	$ 1,767,848	$ 1,782,018	$44,130	$ 0	-100.00%	$ 0	N/A
3D3	400-648	Children's Trust Fund-Federal	$ 1,020,385	$ 866,282	$311,539	$ 0	-100.00%	$ 0	N/A
3F0	400-650	Hospital Care Assurance Match	$ 326,478,495	$ 320,787,735		$ 0	N/A	$ 0	N/A
3F7	400-653	Habilitation Center Audits	$ 0	----		----	N/A	----	N/A
3G0	400-654	Jobs Administration	$ 71,020	$ 0		$ 0	N/A	$ 0	N/A
3G5	400-655	Interagency Reimbursement	$ 579,876,803	$ 603,996,875	$2,250,103	$ 0	-100.00%	$ 0	N/A

Line Item Detail by Agency

HUM Human Services, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
3G9	400-657	Special Activities Self Sufficiency	$ 1,349,583	$ 94,045,796	$290,460,314	$ 0	-100.00%	$ 0	N/A
3F0	400-663	ICF-MR Assessment Match	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3F0	400-664	NF Assessment Match	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3P6	400-667	Children's' Services Federal Pass	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3P7	400-668	Medicaid Program Support	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3P8	400-669	Disproportionate Share	$ 0	----		----	N/A	----	N/A
3P7	400-673	Medicaid Services	$ 16,600	$ 0		$ 0	N/A	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 1,769,964,837**	**$ 2,037,417,828**	**$ 375,749,599**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
600	400-603	Third Party Recoveries	$ 797,189	$ 924,235	$359,374	$ 0	-100.00%	$ 0	N/A
4E7	400-604	Child & Family Services Collections	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4E3	400-605	Nursing Home Assessments	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4F1	400-609	Foundation Grants-Child and Family Se	$ 54,814	$ 46,748		$ 0	N/A	$ 0	N/A
4V2	400-612	Child Support Activities	$ 68,895	$ 36,707		$ 0	N/A	$ 0	N/A
4J5	400-613	Nursing Facility Bed Assessment	$ 31,261,341	$ 30,630,552		$ 0	N/A	$ 0	N/A
4J5	400-618	Residential State Supplement Payment	$ 13,217,615	$ 13,075,316		$ 0	N/A	$ 0	N/A
4K1	400-621	ICF MR Bed Assessments	$ 19,750,260	$ 20,012,999		$ 0	N/A	$ 0	N/A
4Z1	400-625	Health Care Compliance	----	$ 569,859		$ 0	N/A	$ 0	N/A
4X3	400-638	OhioCare	$ 16,600	$ 0		$ 0	N/A	$ 0	N/A
198	400-647	Children's Trust Fund	$ 2,094,605	$ 2,462,813	$130,167	$ 0	-100.00%	$ 0	N/A
651	400-649	Hospital Care Assurance Program	$ 235,060,016	$ 229,790,217		$ 0	N/A	$ 0	N/A
4N7	400-670	Wellness Block Grant Fund	$ 1,000,000	$ 632,683		$ 0	N/A	$ 0	N/A
State Special Revenue Fund Group Total			**$ 303,321,335**	**$ 298,182,129**	**$ 489,541**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
5B6	400-601	Food Stamp Intercept	$ 3,084,488	$ 2,292,068		$ 0	N/A	$ 0	N/A
583	400-642	Support Intercept-State	$ 11,995,744	$ 11,514,341	$1,951	$ 0	-100.00%	$ 0	N/A
192	400-646	Support Intercept-Federal	$ 69,924,668	$ 61,949,570		$ 0	N/A	$ 0	N/A
Agency Fund Group Total			**$ 85,004,900**	**$ 75,755,979**	**$ 1,951**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
R12	400-643	Refunds and Audit Settlements	$ 0	$ 1,600		$ 0	N/A	$ 0	N/A
R13	400-644	Forgery Collections	$ 2,025	$ 372		$ 0	N/A	$ 0	N/A
Holding Account Redistribution Fund Group Total			**$ 2,025**	**$ 1,972**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
HUM Human Services, Department of							
Human Services, Department of Total	$ 8,726,201,561	$ 9,458,239,048	$ 462,303,921	$ 0	-100.00%	$ 0	N/A

- No new hires
- IT upgrade put on hold

Judicial Conference of Ohio

Joseph W. Rogers, Budget Analyst

ROLE

The Judicial Conference of Ohio is a statutory entity within the judicial branch of state government created to continually study and recommend changes in the procedures and practices of Ohio's court system in an effort to promote a fair and effective administration of justice. This mission is accomplished primarily through the sponsorship of activities and projects, as well as the distribution of materials that allow information, experiences, and ideas to be shared with and among judges.

The conference consists of all the judges of the Supreme Court of Ohio, the courts of appeals, the courts of common pleas, the municipal courts, and the county courts. The membership of the conference currently consists of approximately 709 active and 150 retired judges. In addition, the Supreme Court of Ohio, the courts of appeals, the Ohio Common Pleas Judges Association, the Ohio Association of Probate Court Judges, the Ohio Association of Juvenile Court Judges, and the Association of Municipal-County Judges of Ohio are members of the conference. Members are required to pay annual dues and, although they receive no compensation for services rendered to the conference, may receive reimbursement for reasonable and necessary expenses.

The general charge and supervision of the administration of the conference's affairs rests with the executive committee and its chair. The executive committee is comprised of 40 judges, including representatives of all six judicial associations. The Chief Justice of the Supreme Court of Ohio serves as the honorary chairman of the conference. Currently, the conference has 12 full-time staff, including the executive director who is appointed by the six officers of the executive committee, including the Chief Justice.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
12	$1.3 million	$1.3 million	$1.1 million	$1.1 million	Am. Sub. H.B. 94

OVERVIEW

The cost of administering the conference's daily business is borne by a single GRF line item (018-321, Operating Expenses), while the expenses associated with supporting the work of its 19 permanent committees and conducting various conferences, workshops, and special projects are covered by its lone non-GRF line item (018-601, Ohio Jury Instructions).

The conference is currently staffed by 12 full-time employees and had planned to add one new full-time staff person in FY 2002 to perform various desktop publishing tasks. The total annual cost of that new support staff person, including salary and fringe benefits, was estimated at $43,000. As the level of GRF support appropriated in the FY 2002-2003 biennial budget is less than the conference requested by roughly 7 percent, this additional staff person will not be hired. Additionally, the conference had budgeted for annual compensation increases of no more than 3 percent. In FY 2002 at least, staff will be awarded increases in their annual compensation as planned; however, they will be delayed by approximately six months as a cost saving measure.

Aside from these personnel issues, the conference is planning to move into the Ohio Courts Building from its current location in a private office building, possibly as early as FY 2004. Until such a move is made, the conference will continue to lease its current office space under the assumption that the cost of the commercial office space lease will increase by no more than 3 percent in each of the next two fiscal years.

The conference had planned as part of their FY 2002-2003 biennial budget to replace some of its office equipment in preparation for their eventual move. Of particular importance, in the conference's view, was the replacement of their personal computers due to the need to be compatible with technology used by the Supreme Court of Ohio, a technology upgrade that was expected to cost approximately $40,000. Given the constraints created by the conference's FY 2002-2003 biennial budget, it appears unlikely that any such technology upgrades will be made, at least in the foreseeable future.

More broadly, the conference will continue to consult with courts around the state to assist them in developing more advanced and uniform information technology systems that will better enable judges to interact electronically. The various courts around the state are very dissimilar in terms of the levels of technology used in practice.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill — *Version:* Enacted

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
JCO Judicial Conference of Ohio							
GRF 018-321 Operating Expenses	$ 593,942	$ 993,580	$1,063,940	$ 1,093,586	2.79%	$ 1,124,207	2.80%
GRF 018-502 Court Security Subsidy	$ 2,633,422	$ 7,966,983		$ 0	N/A	$ 0	N/A
General Revenue Fund Total	**$ 3,227,364**	**$ 8,960,563**	**$ 1,063,940**	**$ 1,093,586**	**2.79%**	**$ 1,124,207**	**2.80%**
403 018-601 Ohio Jury Instructions	$ 128,216	$ 161,385	$187,621	$ 200,000	6.60%	$ 200,000	0.00%
General Services Fund Group Total	**$ 128,216**	**$ 161,385**	**$ 187,621**	**$ 200,000**	**6.60%**	**$ 200,000**	**0.00%**
Judicial Conference of Ohio Total	***$ 3,355,580***	***$ 9,121,948***	***$ 1,251,561***	***$ 1,293,586***	***3.36%***	***$ 1,324,207***	***2.37%***

- Judges' salaries consume large portion of GRF budget
- Court service expansions shelved, at least for the moment

Judiciary / Supreme Court

Joseph W. Rogers, Budget Analyst

ROLE

The Supreme Court of Ohio is established by Article IV, Section 1 of the Ohio Constitution, which provides that: "The judicial power of the state is vested in a supreme court, courts of appeals, courts of common pleas and divisions thereof, and such other courts inferior to the supreme court as may from time to time be established by law." The court is comprised of a Chief Justice and six justices who are elected in even numbered years to six-year terms. The court has the final say on the interpretation of both the Constitution of the State of Ohio and Ohio law. The majority of the cases heard by the court are appeals from the state's twelve district courts of appeals. The court can also hear appeals involving contested elections. The court hears appeals as a matter of right, from cases involving questions arising under the United States Constitution or the Ohio Constitution, and cases in which the death penalty was imposed. The court also hears appeals in cases in which the courts of appeals have rendered conflicting opinions and appeals from the Board of Tax Appeals and the Public Utilities Commission. The court has original jurisdiction for certain special remedies that permit a person to file an action directly in the Supreme Court of Ohio. These are the writs of habeas corpus, mandamus, procedendo, prohibition, and quo warranto.

The court also: (1) adopts rules governing practice and procedure in Ohio's courts, which become effective unless both houses of the General Assembly adopt a concurrent resolution of disapproval, (2) exercises general superintendence over all state courts through its rule-making authority, and (3) is responsible for the admission of attorneys to the practice of law in Ohio. It also has authority for the discipline of judges and attorneys for violation of their respective codes of conduct. Additionally, the court has responsibility for complaints alleging the unauthorized practice of law.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
207	$102.4 million	$108.1 million	$97.5 million	$103.1 million	Am. Sub. H.B. 94

OVERVIEW

The Judiciary/Supreme Court's (JSC) FY 2002-2003 biennial budget totals $210.5 million, over 95 percent of which is financed by the state's GRF and is used primarily to pay the state's share of the salaries and benefits of the chief justice and justices of the Supreme Court of Ohio, and judges of the courts of appeals, courts of common pleas, municipal courts, and county courts. The budget also provides funding for the operation of the Supreme Court of Ohio and the courts of appeals, including staff salaries and fringe benefits.

The level of GRF support provided in the FY 2002-2003 biennial budget is around $6 million less than what the court had requested in each of FYs 2002 and 2003. A portion of the court's request for additional GRF funding reflected anticipated raises in judicial salaries stemming from Sub. H.B. 712 of the 123rd General Assembly, which will increase the state contribution to judicial salaries by approximately three percent in each of FYs 2002 and 2003. As a result of receiving a lower than requested level of annual GRF support and the need that it first meet the state's obligation to contribute to the annual compensation paid to judges, the court has had to revisit and trim back planned expenditures. One notable byproduct of that process was the decision that, at least for the moment, judicial staff would not receive across-the-board increases in annual compensation. Library operations will also be cut by approximately 25 percent.

Prior to FY 1998, The Judiciary and the Supreme Court of Ohio operated under separate budget structures; although the reality was that the court in effect had control of and managed the Judiciary's budget. The Judiciary is not a state entity, but a collection of accounts that are administered by personnel of the court. Amended Substitute House Bill 215 of the 122nd General Assembly, the main appropriations bill covering FYs 1998 and 1999, merged the two separate budget structures into a single "agency" budget known as The Judiciary/Supreme Court. This merger was undertaken in order to ease the court's administrative burdens. At the court's request, the FY 2002-2003 biennial budget further realigns roughly a half-dozen of its existing line items so that the state's accounting system more accurately reflects the merged budgetary structure.

BUDGET ISSUES

COURT SERVICES

The court had intended to devote about 4 percent of its FY 2002-2003 biennial budget to court services, including a program currently in place called "Project 2005," which seeks to help all of the courts of common pleas establish dispute resolution programs by the year 2005. Funding for dispute resolution consultant contracts and program subsidies was to have been drawn from the court's main GRF operating line item 005-321. As a result of the fiscal constraints created by the FY 2002-2003 budget, the court does not plan at this time to initiate any new dispute resolution contracts or program subsidies, but will simply seek to maintain the level of programs and services that were being delivered in FY 2001.

The court also had planned to place a stronger emphasis on technological modernization in the FY 2002-2003 biennium. Computer technology consultants were to have been hired to assist in the development of a more standardized information technology system linking Ohio's courts, and approximately $1 million in technology related subsidies were to have been distributed to courts around the state. These technology modernizations have been shelved for the moment, and it is unclear as to when and how they might move forward.

SENTENCING COMMISSION

The expenses of the Ohio Criminal Sentencing Council and an administrative staff of five, plus one intern, are also lodged in the JSC budget and are paid GRF line item 005-401. The council, created pursuant to section 181.21 of the Revised Code, is charged with studying the state's sentencing laws, recommending comprehensive sentencing plans to the legislature, and advising legislative committees and members when bills that affect criminal sentencing are considered and enacted. Traditionally, the council has been referred to as the Ohio Criminal Sentencing Commission. The FY 2002-2003 biennial budget contains a level of annual GRF funding for the commission that is the range of three percent to six percent lower than its actual FY 2001 expenditures. As a result of this reduced level of GRF support, the commission has applied for several federal grants. If it is unsuccessful in this search for federal financial assistance, then the commission will be forced to cut at least one full-time staff position.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

JSC Judiciary / Supreme Court

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	005-321	Operating Expenses - Judiciary/Suprem	$ 74,689,488	$ 81,262,208	$84,585,866	$ 97,046,785	14.73%	$ 101,987,111	5.09%
GRF	005-401	State Criminal Sentencing Council	$ 265,468	$ 317,126	$309,139	$ 289,685	-6.29%	$ 300,308	3.67%
GRF	005-402	Task Force On Family Law & Children	----	$ 74,149	$99,855	$ 0	-100.00%	$ 0	N/A
GRF	005-406	Law-Related Education	----	----		$ 197,790	N/A	$ 203,724	3.00%
GRF	005-502	Commission for Legal Education Opport	----	----		$ 0	N/A	$ 647,736	N/A
GRF	010-321	Operating Expenses - Supreme Court	$ 8,189,177	$ 9,374,401	$9,145,889	$ 0	-100.00%	$ 0	N/A
GRF	010-401	Law-Related Education	$ 191,420	$ 197,163	$203,077	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 83,335,553**	**$ 91,225,047**	**$ 94,343,825**	**$ 97,534,260**	**3.38%**	**$ 103,138,878**	**5.75%**
672	005-601	Continuing Judicial Education	$ 198,692	$ 118,718	$217,149	$ 235,000	8.22%	$ 265,000	12.77%
6A2	005-602	Dispute Resolution	$ 2,320	$ 0	$30,107	$ 0	-100.00%	$ 0	N/A
General Services Fund Group Total			**$ 201,012**	**$ 118,718**	**$ 247,256**	**$ 235,000**	**-4.96%**	**$ 265,000**	**12.77%**
3J0	005-603	Federal Grants	$ 769,209	$ 766,099	$921,851	$ 1,093,306	18.60%	$ 964,484	-11.78%
Federal Special Revenue Fund Group Total			**$ 769,209**	**$ 766,099**	**$ 921,851**	**$ 1,093,306**	**18.60%**	**$ 964,484**	**-11.78%**
4C8	005-605	Attorney Registration	----	----		$ 1,971,100	N/A	$ 2,030,233	3.00%
6A8	005-606	Supreme Court Admissions	----	----		$ 1,042,536	N/A	$ 1,089,111	4.47%
643	005-607	Commission on Continuing Legal Educa	----	----		$ 573,268	N/A	$ 590,016	2.92%
643	010-601	Commission on Continuing Legal Educa	$ 211,779	$ 501,067	$491,260	$ 0	-100.00%	$ 0	N/A
6A8	010-602	Supreme Court Admissions	$ 716,646	$ 744,508	$801,351	$ 0	-100.00%	$ 0	N/A
4C8	010-603	Attorney Registration	$ 1,573,700	$ 1,675,814	$1,820,276	$ 0	-100.00%	$ 0	N/A
State Special Revenue Fund Group Total			**$ 2,502,125**	**$ 2,921,389**	**$ 3,112,887**	**$ 3,586,904**	**15.23%**	**$ 3,709,360**	**3.41%**
Judiciary / Supreme Court Total			***$ 86,807,899***	***$ 95,031,253***	***$ 98,625,819***	***$ 102,449,470***	***3.88%***	***$ 108,077,722***	***5.49%***

- Excess moneys in the Lake Erie Resources Fund may be transferred to the Lake Erie Protection Fund
- The commission uses no GRF moneys

Lake Erie Commission

Kerry Sullivan, Budget Analyst

ROLE

The Lake Erie Commission (LEC) was established in 1990 for the purpose of protecting Lake Erie's natural resources, restoring degraded elements of the Lake Erie ecosystem, and promoting economic development of Ohio's north coast. The role of the commission is to ensure the coordination of policies and programs of State government pertaining to water quality, toxins and coastal resource management. Efforts to protect and improve environmental quality of the Lake Erie Basin are coordinated with the development of tourism, recreation, the fishing industry, and the maintenance of Lake Erie ports.

The commission is comprised of the directors of the Ohio Environmental Protection Agency, the Department of Agriculture, Department of Development, Department of Health, Department of Natural Resources, and Department of Transportation. The Lake Erie Commission Office was established in 1992 to serve the commission in protecting and developing Lake Erie's resources. Operating as an independent state agency, the commission office is comprised of six full-time (equivalent) employees who perform the day-to-day functions of the commission with a total operating budget of approximately $1.7 million.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
6	$1.7 million	$1.8 million	$0	$0	Am. Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 total $1,705,863. This amount is $80,612 greater than the total appropriated in FY 2001, a 5.0 percent increase[13]. Appropriations for FY 2003 total $1,759,979. This amount is $54,116 greater than FY 2002, a 3.2 percent increase. Funding levels over the 2002-2003 biennium match those requested by the commission and recommended by the Executive.

The Lake Erie Commission uses no GRF moneys, but maintains two State Special Revenue accounts. The Lake Erie Protection Fund receives thousands of individual donations, primarily through the Lake Erie license plate program and the Lake Erie credit card program. The fund is used solely to award grants and contracts, through a competitive proposal process, that protect and enhance Lake Erie. Over the 2002-2003 biennium, the commission will award some 65 grants to private and nonprofit organizations,

[13] Actual expenditures in FY 2001 totaled $1,460,645

academic groups, and state and local agencies totaling $1.5 million. The Great Lakes Protection Fund is an interstate trust fund established in 1990 to protect and restore the Great Lakes. One-third of the fund's annual earnings are transferred to the states. Ohio's portion is credited to the commission's second account, the Lake Erie Resources Fund. These moneys are used to fund the operation of LEC and its office.

BUDGET ISSUES

LAKE ERIE PROTECTION AND RESTORATION PLAN

The primary activity of the Lake Erie Commission over the 2000-2001 biennium was the creation of the *Lake Erie Protection and Restoration Plan*, a comprehensive and long-term plan that plots a course for the continued enhancement of Lake Erie and its watershed. The plan is based on the findings of the *1998 Lake Erie Quality Index Report*, which measured the quality of Lake Erie and identified areas in need of significant improvement. The commission's primary focus over the 2002-2003 biennium will be the implementation of 84 strategic actions contained within the *Lake Erie Protection and Restoration Plan*. These actions are designed to improve water quality, further reduce pollution loading, restore natural habitat, enhance recreational opportunities, and stimulate the north coast economy. Responsibilities for each objective have been assigned to the appropriate commission agencies and implementation plans will be developed over calendar year 2001.

LAKE ERIE PROTECTION FUND AND GRANTS PROGRAM

A continuing challenge for the Lake Erie Commission is generating sufficient revenue to maintain both the commission's level of operation and a meaningful Lake Erie Protection Fund grants program. The fund's main income source, the Lake Erie license plate program, has decreased from a high of $912,210 in FY 1997 to $781,000 in FY 2000 due to increased competition within specialty license plates sales. Overall, license plate sales have decreased at a rate of five percent annually.

Temporary language was included in Am. Sub. H.B. 94 that will allow the commission to transfer excess funds from the Lake Erie Resources Fund to the Lake Erie Protection Fund to support both ongoing and future grants. The Lake Erie Resources Fund carries an average of $250,000 in surplus moneys each year. In addition, the commission completed a comprehensive marketing research evaluation of its revenue-generating programs and intends to raise $10 million toward a Lake Erie Protection Endowment Fund over the 2002-2003 biennium. The commission will also pursue new license plate initiatives and a marketing campaign aimed at reversing decreasing sales.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
LEC Lake Erie Commission							
4C0 780-601 Lake Erie Protection	$ 810,978	$ 889,835	$998,298	$ 1,044,854	4.66%	$ 1,070,975	2.50%
5D8 780-602 Lake Erie Resources	$ 484,181	$ 479,414	$462,347	$ 661,009	42.97%	$ 689,004	4.24%
State Special Revenue Fund Group Total	**$ 1,295,159**	**$ 1,369,249**	**$ 1,460,645**	**$ 1,705,863**	**16.79%**	**$ 1,759,979**	**3.17%**
Lake Erie Commission Total	***$ 1,295,159***	***$ 1,369,249***	***$ 1,460,645***	***$ 1,705,863***	***16.79%***	***$ 1,759,979***	***3.17%***

- LRS budget increases by 0.5% in FY 2002 and decreases by 3.6% in FY 2003

Legal Rights Service

Jeffrey M. Rosa, Senior Budget Analyst

ROLE

The Legal Rights Service (LRS) was created in 1975 as an independent state agency to protect and advocate the rights of persons with mental, developmental, or other authorized disabilities. Related to this function, the agency receives, investigates, and acts upon allegations of rights violations, provides legal representation in cases, pursues administrative, legal, and other remedies to resolve complaints, and makes sure that such persons are informed of their rights. LRS also conducts public hearings and subpoenas individuals in order to obtain information needed to carry out LRS' duties, and includes an ombudsman section.

The Legal Rights Service Commission provides oversight for LRS. The commission has seven members: three appointed by the President of the Senate; three appointed by the Speaker of the House of Representatives; and one, the chairperson, appointed by the Chief Justice of the Supreme Court. The commission is responsible for appointing and advising an administrator for LRS, assisting on LRS' budget, and establishing policy guidelines for LRS.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
44	$3.9 million	$3.8 million	$634,577	$627,617	Am. Sub. H.B. 94

OVERVIEW

Appropriations for the Legal Rights Service are approximately 81 percent federally funded, 16 percent state GRF funded, and 2 percent funded by other non-GRF state dollars. Although total funding for LRS increases by 0.54 percent in fiscal year (FY) 2002, the GRF portion of the LRS budget decreases by 14.7 percent in FY 2002 compared to actual FY 2001 spending. For federal funds, total appropriations in FY 2002 increase by 6.7 percent when compared to FY 2001 actuals. In FY 2003, the total LRS budget decreases by 3.6 percent compared to FY 2002 appropriations. The GRF appropriations in FY 2003 are relatively flat funded versus FY 2002 (i.e., decrease of 1.1 percent).

BUDGET ISSUES

GRF FUNDING DECREASE

As discussed above, GRF funding for Legal Rights Service decreases by 14.7 percent in FY 2002 from FY 2001 actual spending. In FY 2003, GRF appropriations decrease by 1.1 percent from FY 2002 levels. LRS believes that it will be able to maintain current service levels at the appropriation levels contained in Am. Sub. H.B. 94. However, LRS may need to temporarily freeze intake hours for certain areas (e.g., special education cases when Individual Education Plans come out). When LRS freezes intake, they attempt to provide information and referrals to resources to assist families in need of services.

Protection and Advocacy for Individual Rights (PAIR)

One program that could experience an increase in intake demand is the PAIR program. This program provides advocate services for individuals who have been discriminated against or whose rights have been violated based upon a significant disability, including people with chronic or serious medical conditions, people with physical disabilities, and people with traumatic brain injury who were injured after age 22. Since the number of potential program participants is sizable, costs related to client intake activities could increase significantly.

CLASS ACTION LAWSUIT OVERSIGHT

Changes to the statutes governing the operations of the LRS provide specific oversight by the LRS Commission regarding the pursuit of class action lawsuits to resolve complaints and regarding the issuance of subpoenas. Under the changes made to the Revised Code, the administrator of LRS may not pursue a class action lawsuit to resolve a complaint unless both of the following have occurred:

1) At least four of the seven members of the LRS Commission have affirmatively voted to consent to the pursuit of the class action lawsuit; and

2) At least five of the seven members of the LRS Commission are present at the meeting of the Commission at which the consent to pursue the class action is obtained.

Under other changes made to the Revised Code, the approval of the LRS Commission that the LRS administrator must have to compel by subpoena a person's appearance and testimony or the production of records or information must be given by an affirmative vote of at least four of the commission's seven members.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

LRS Legal Rights Service

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	054-100	Personal Services	$ 319,275	$ 331,826	$316,769	$ 270,597	-14.58%	$ 265,924	-1.73%
GRF	054-200	Maintenance	$ 47,639	$ 50,355	$49,672	$ 44,599	-10.21%	$ 45,491	2.00%
GRF	054-300	Equipment	$ 2,400	$ 2,960	$2,744	$ 2,439	-11.12%	$ 2,488	2.02%
GRF	054-401	Ombudsman	$ 361,073	$ 387,036	$374,969	$ 316,942	-15.48%	$ 313,714	-1.02%
General Revenue Fund Total			**$ 730,387**	**$ 772,177**	**$ 744,154**	**$ 634,577**	**-14.72%**	**$ 627,617**	**-1.10%**
416	054-601	Gifts and Donations	$ 0	$ 0		$ 1,319	N/A	$ 1,352	2.50%
524	054-608	Traumatic Brain Injury	$ 100,000	$ 0	$42,655	$ 21,550	-49.48%	$ 0	-100.00%
5M0	054-610	Settlements	----	----	$121,673	$ 75,000	-38.36%	$ 75,000	0.00%
General Services Fund Group Total			**$ 100,000**	**$ 0**	**$ 164,327**	**$ 97,869**	**-40.44%**	**$ 76,352**	**-21.99%**
305	054-602	Protection and Advocacy-Development	$ 804,739	$ 1,149,805	$1,052,240	$ 1,068,109	1.51%	$ 1,068,109	0.00%
3B8	054-603	Protection and Advocacy-Mentally Ill	$ 623,527	$ 743,084	$842,019	$ 810,314	-3.77%	$ 810,314	0.00%
3R9	054-604	Family Support Collaborative	$ 105,551	$ 178,356	$227,799	$ 242,500	6.45%	$ 242,500	0.00%
3N3	054-606	Protection and Advocacy-Individual Rig	$ 343,188	$ 378,952	$372,601	$ 468,445	25.72%	$ 468,445	0.00%
3N9	054-607	Assistive Technology	$ 81,156	$ 73,960	$72,952	$ 50,000	-31.46%	$ 50,000	0.00%
3T2	054-609	Client Assistance Program	$ 360,034	$ 436,964	$391,851	$ 406,772	3.81%	$ 406,772	0.00%
3X1	054-611	Protection and Advocacy for Beneficiari	----	----	$2,663	$ 113,113	4,147.10%	----	N/A
Federal Special Revenue Fund Group Total			**$ 2,318,195**	**$ 2,961,121**	**$ 2,962,124**	**$ 3,159,253**	**6.65%**	**$ 3,046,140**	**-3.58%**
Legal Rights Service Total			***$ 3,148,582***	***$ 3,733,298***	***$ 3,870,606***	***$ 3,891,699***	***0.54%***	***$ 3,750,109***	***-3.64%***

- New authority to impose fines for late filers and new advisory responsibilities
- On-line filing for lobbyists and legislators is now available

Joint Legislative Ethics Committee

Jonathan Lee, Budget Analyst

ROLE

The Joint Legislative Ethics Committee (JLEC) was established to monitor the compliance with Ohio Ethic's Law as it applies to the legislative branch. JLEC is authorized to interpret and enforce the Ethics Law's provisions, receive and review financial disclosure statements and render advisory opinions on ethical issues raised by officials and employees of the General Assembly.

The committee staff is known as the Office of the Legislative Inspector General (OLIG) and is responsible for the actual implementation of the provisions of the ethics and lobbying laws and administers legislative agent registrations and filings.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
6	$630,000	$653,000	$580,000	$603,000	Am. Sub. H.B. 94

OVERVIEW

JLEC's total budget increased by 1.7 percent from FY 2001 to FY 2002, although compared to FY 2001 actual expenditures, FY 2002 appropriations are 27.8 percent higher. JLEC was appropriated $1,230,900 for the FY 00-01 biennium but actual expenditures totaled $1,001,444, a difference of $299,456. Appropriations increase by 3.6 percent from FY 2002 to FY 2003. For the FY 2002-2003 biennium, JLEC requested $1,301,000 but received $1,282,985. Funding for the biennium will allow JLEC to fulfill their statutory duties; however, the budget cuts may require the committee to restructure some of its internal operations to accommodate biennium funding levels and to fulfill new advisory obligations, collect filing fees, and maintain the goal of continuing to advance the computerizations of lobbyist forms.

There are two new provisions in Am. Sub. H.B. 94 that affect JLEC. First, JLEC is now required to act as an advisory body to the General Assembly and to individual members, candidates, and employees on questions related to ethics and financial disclosure. Previously, JLEC was only an advisory body relating to possible conflicts of interest. Second, JLEC now may fine lobbyists $12.50 per day for failure to file an initial registration statement or amended registration statement. The fine shall not exceed $100 and may be waived by the director. Previously, the only recourse JLEC had to obtain late fees for failure to file was through referral for prosecution.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
JLE Joint Legislative Ethics Committee							
GRF 028-321 Legislative Ethics Committee	$ 402,438	$ 458,329	$446,995	$ 580,165	29.79%	$ 602,820	3.90%
General Revenue Fund Total	**$ 402,438**	**$ 458,329**	**$ 446,995**	**$ 580,165**	**29.79%**	**$ 602,820**	**3.90%**
4G7 028-601 Joint Legislative Ethics Committee	$ 34,451	$ 50,069	$46,052	$ 50,000	8.57%	$ 50,000	0.00%
State Special Revenue Fund Group Total	**$ 34,451**	**$ 50,069**	**$ 46,052**	**$ 50,000**	**8.57%**	**$ 50,000**	**0.00%**
Joint Legislative Ethics Committee Total	***$ 436,889***	***$ 508,398***	***$ 493,046***	***$ 630,165***	***27.81%***	***$ 652,820***	***3.60%***

- The commission is funded almost entirely from GRF moneys
- CIIC funding has been eliminated

Legislative Service Commission

Kerry Sullivan, Budget Analyst

ROLE

The Ohio Legislative Service Commission (LSC) was created by statute in 1953 to provide technical and research services to members of the Ohio General Assembly. Chief among the services LSC staff provides are: researching and drafting legislation and legislative amendments; legal and technical review of draft legislation; staff assistance to standing committees and subcommittees of the General Assembly; analyses of bills; fiscal analysis related to state and local government revenue and expenditure estimates associated with bills; state agency budget and capital appropriations analyses; codification of administrative rules adopted by state agencies; drafting congratulatory resolutions and letters of commendation; publishing numerous reports of interest to state and local government officials; and providing library services to members of the General Assembly.

Additional offices created as subcommittees of LSC are the Legislative Office of Education Oversight (LOEO) and the Legislative Information Systems Office (LIS). LOEO performs research for the General Assembly on educational issues. Reports are generally an in-depth look at whether an education program is accomplishing its intended purpose. LIS provides network computer development and services for the General Assembly. The Correctional Institutional Inspection Committee (CIIC) also is a subcommittee of LSC, although funding for the staff of the CIIC was eliminated for the 2001-2003 biennium.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
212	$22.2 million	$21.8 million	$22.0 million	$21.6 million	Am. Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 total $22,157,997. This amount is $508,857 more than the total originally appropriated for FY 2001, a 2.4 percent increase. However, FY 2002 appropriations are $3,822,941 less than the revised appropriation level for FY 2001, a 14.7 percent reduction.[14] Appropriations for FY 2003 total $21,758,463. This amount is $399,534 less than FY 2002, a 1.8 percent reduction.

[14] Actual expenditures in FY 2001 totaled $21,166,195.

The significant reduction in appropriation authority between FYs 2001 (as revised) and 2002 is explained by specific, one-time expenditures in FY 2001 for which appropriation authority was not requested in FY 2002. These expenditures include the expansion of LSC office space to the 15th floor of the Vern Riffe Center (and the necessary renovations and office relocations that resulted from that expansion), and the work of the Legislative Task Force on Redistricting. The purpose of the task force is to provide assistance to the General Assembly in establishing congressional districts and to the Apportionment Board in establishing General Assembly districts. This task force also conducts other population and demographic research in order to assist the General Assembly.

BUDGET ISSUES

ORGANIZATIONAL CHANGES

Highlights of both the 1999-2001 and the 2001-2003 biennia include significant changes to the organizational structure of the Legislative Service Commission. First, in September of 2000, LSC and the Legislative Budget Office (LBO) were merged to form a reorganized LSC. As a result of the merger, appropriation authority for LBO's former operating account, 035-403, Legislative Budget Office, was transferred to LSC's main GRF appropriation item, 035-321, Operating Expenses.

Second, Am. Sub. H.B. 94 discontinued appropriation authority to GRF item 035-405, Correctional Institution Inspection Committee. That office is discussed below.

Correctional Institution Inspection Committee

The Correctional Institution Inspection Committee is comprised of four senators and four representatives from the General Assembly. Under section 103.73(A)(1) of the Revised Code, CIIC has the responsibility of establishing and maintaining a continuing program of inspection of each correctional institution in the state. The committee must inspect each correctional institution each biennium. Am. Sub. H.B. 94 eliminated all of the $525,000 in FY 2002 and the $540,000 in FY 2003, originally recommended by the executive, intended for the administration of the committee. As a result, support staff has been eliminated and CIIC will no longer be able to respond to written inquiries from inmates.

The committee has stated that it intends to perform its statutory duties through its legislative members. These duties, as specified in section 103.73 of the Revised Code, include: prison inspections; evaluation and assistance in the development of programs to improve the condition or operation of correctional institutions; and preparation of a report to the General Assembly of its findings, including an evaluation of the inmate grievance procedure.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

LSC Legislative Service Commission

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	035-321	Operating Expense	$ 7,030,728	$ 8,097,758	$10,023,248	$ 13,125,125	30.95%	$ 14,252,950	8.59%
GRF	035-402	Legislative Interns	$ 632,090	$ 831,363	$831,954	$ 939,198	12.89%	$ 978,598	4.20%
GRF	035-403	Legislative Budget Office	$ 2,448,280	$ 2,654,976	$2,310,474	$ 0	-100.00%	$ 0	N/A
GRF	035-404	Office of Education Oversight	$ 619,112	$ 836,830	$1,018,929	$ 1,174,264	15.24%	$ 1,221,235	4.00%
GRF	035-405	Correctional Institution Inspection Com	$ 376,735	$ 441,806	$421,109	$ 0	-100.00%	$ 0	N/A
GRF	035-406	ATMS Replacement Project	$ 17,999	$ 60,223	$92,467	$ 88,650	-4.13%	$ 88,650	0.00%
GRF	035-407	Legislative Task Force on Redistricting	$ 104,748	$ 610,044	$327,060	$ 1,970,000	502.34%	$ 0	-100.00%
GRF	035-409	National Associations	$ 397,787	$ 378,217	$390,948	$ 417,906	6.90%	$ 427,381	2.27%
GRF	035-410	Legislative Information Systems	$ 2,972,014	$ 3,257,730	$5,623,138	$ 4,277,855	-23.92%	$ 4,619,650	7.99%
General Revenue Fund Total			**$ 14,599,493**	**$ 17,168,947**	**$ 21,039,326**	**$ 21,992,997**	**4.53%**	**$ 21,588,463**	**-1.84%**
410	035-601	Sale of Publications	$ 0	$ 0	$11,103	$ 25,000	125.17%	$ 25,000	0.00%
4F6	035-603	Legislative Budget Services	$ 105,188	$ 127,532	$115,767	$ 140,000	20.93%	$ 145,000	3.57%
4F7	035-605	Head Start Study	$ 0	----		----	N/A	----	N/A
General Services Fund Group Total			**$ 105,188**	**$ 127,532**	**$ 126,869**	**$ 165,000**	**30.06%**	**$ 170,000**	**3.03%**
Legislative Service Commission Total			***$ 14,704,681***	***$ 17,296,479***	***$ 21,166,195***	***$ 22,157,997***	***4.69%***	***$ 21,758,463***	***-1.80%***

- Funding for the State Library was decreased by 7.0% from FY 2001 to FY 2002 and increased by 3.2% from FY 2002 to FY 2003

State Library Board

Sara Doddy, Budget Analyst

ROLE

The State Library Board was established by the General Assembly in 1817 to provide information and reading materials to legislators and state officials. The role of the library has gradually expanded to include the following goals: to collect, disseminate, and provide access to information for Ohio's state government; to be an advocate for all libraries in Ohio; to be a leader and a partner in the development of library services throughout Ohio; to promote resource sharing among libraries and library networks; and to provide specialized services to Ohio's citizens. The State Library is a reference library as well as a depository for the publications of state and federal agencies. The State Library is governed by a board of five members appointed for five-year terms by the State Board of Education.

The State Library also operates two regional centers: one in Caldwell and one in Fayetteville. The regional centers provide research services to area libraries and such other services as bookmobiles in southern Ohio. Prior to July 1, 2001, the State Library operated two branch libraries (one in Riffe Center and one in Rhodes Tower) but, due to budget cutbacks, those branches had to be closed.

The budget for the State Library also includes funding for the Ohio Public Library Information Network (OPLIN), the Cleveland and Cincinnati Libraries for the Blind and Physically Handicapped, and the seven libraries in the Regional Library System.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
117	$25.1 million	$25.9 million	$11.3 million	$11.6 million	Am. Sub. H.B. 94

OVERVIEW

In FY 2002, the State Library Board's budget decreases by 7.0 percent from FY 2001 levels of which a 0.3 percent decrease results from not including the approximately $1.8 million in FY 2001 for the library's move from the Ohio Departments Building to its new location. The overall funding for FY 2003 increases 3.2 percent over FY 2002 funding levels.

The library's final appropriation decreased from the executive proposal 4.8 percent in FY 2002 and 4.6 percent in FY 2003.

Funding for the regional library systems decreases by 6.5 percent to $1,765,472 in FY 2002 and by 0.7 percent to $1,753,392 in FY 2003. The number of regional library systems in the state has been capped at seven. This reduced budget impacts the seven regional library systems around the state that serve all types of libraries, including approximately two-thirds of Ohio's public libraries, at the same time that the Library and Local Government Support Fund (LLGSF) has been frozen.

The State Library also acts as a fiscal agent for the Cleveland and Cincinnati Public Libraries for the Blind and Physically Handicapped. These libraries provide Talking Book materials to over 27,000 blind and physically handicapped people in the state and provide these people with access to library services that they would not otherwise have. The Cleveland library serves customers living in the state's northern 55 counties while the Cincinnati library serves those living in the 33 southern counties. The budget for the Cleveland library is $1,124,115 in FY 2002, an 11.3 percent decrease from FY 2001, and $1,116,509 in FY 2003, a 0.7 percent decrease from FY 2002. The Cincinnati library will receive $747,319 in FY 2002, a 10.9 percent decrease from FY 2001, and $742,290 in FY 2003, a 0.7 percent decrease from FY 2002.

During the FY 2000-2001 biennium, the Netwellness program was funded at $750,000 per fiscal year. In the FY 2002-2003, funding for the Netwellness program (a joint venture between the University of Cincinnati, Case Western Reserve University, and Ohio State University) was eliminated. With the elimination of this program, many public libraries are left without a health database because, with the freeze on public library funding, they cannot afford the subscription fees to the Netwellness databases.

BUDGET ISSUES

OHIO PUBLIC LIBRARY INFORMATION NETWORK (OPLIN)

Prior to the FY 2002-2003 budget, the Ohio Public Library Information Network (OPLIN) was funded through the General Revenue Fund (GRF). Beginning July 1, 2001, OPLIN was funded through the OPLIN Technology Fund (Fund 4S4). In order to fund this change, money was transferred from the Library and Local Government Support Fund (LLGSF). The large decrease in total GRF funding for the State Library from FY 2001 to FY 2002 (from $19,573,788 in FY 2001 to $11,288,618 in FY 2002, a 42.3 percent decrease) is due, in part, to the elimination of GRF funding for OPLIN.

This change in funding has had a number of consequences for the State Library. The most immediate impact of this change is the fact that the library now has to pay rent at the State of Ohio Computer Center (SOCC). While OPLIN was funded through the GRF, rent at SOCC was free. In addition, funding OPLIN with local dollars has made the libraries more conscious of expenditures, especially as they relate to local formulas for tax distribution. Since libraries do not receive equal portions of the tax fund, they have begun to seek data about the relative distribution of OPLIN services. Public libraries spend approximately $13.6 million per year on additional telecommunications and equipment as it relates to the provision of OPLIN services.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

LIB Library Board, State

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	350-100	Personal Services	$ 4,787,039	$ 5,011,496	$4,924,148	$ 0	-100.00%	$ 0	N/A
GRF	350-200	Maintenance	$ 1,558,150	$ 1,104,820	$1,957,289	$ 0	-100.00%	$ 0	N/A
GRF	350-300	Equipment	$ 608,520	$ 619,863	$2,099,275	$ 0	-100.00%	$ 0	N/A
GRF	350-321	Operating Expenses	----	$ 0		$ 7,530,741	N/A	$ 7,850,041	4.24%
GRF	350-400	Ohio Public Library Information Network	$ 5,902,908	$ 5,334,457	$5,796,459	$ 0	-100.00%	$ 0	N/A
GRF	350-401	Ohioana Rental Payments	----	----	$68,327	$ 120,972	77.05%	$ 120,972	0.00%
GRF	350-501	Cincinnati Public Library	$ 735,407	$ 749,906	$838,306	$ 747,319	-10.85%	$ 742,290	-0.67%
GRF	350-502	Regional Library Systems	$ 841,906	$ 1,871,151	$1,888,234	$ 1,765,472	-6.50%	$ 1,753,392	-0.68%
GRF	350-503	Cleveland Public Library	$ 969,204	$ 1,123,695	$1,266,749	$ 1,124,115	-11.26%	$ 1,116,509	-0.68%
GRF	350-504	Ohio Humanities Council	$ 24,250	$ 72,750		$ 0	N/A	$ 0	N/A
GRF	350-505	Netwellness	$ 0	$ 750,000	$735,000	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 15,427,384**	**$ 16,638,138**	**$ 19,573,788**	**$ 11,288,618**	**-42.33%**	**$ 11,583,204**	**2.61%**
139	350-602	Intra-Agency Service Charges	$ 0	$ 16,536	$26,200	$ 14,148	-46.00%	$ 14,502	2.50%
459	350-602	Interlibrary Service Charges	$ 468,093	$ 625,680	$1,082,725	$ 845,896	-21.87%	$ 1,239,661	46.55%
4S4	350-604	OPLIN Technology	$ 0	$ 500,000	$634,500	$ 7,661,095	1,107.42%	$ 7,777,962	1.53%
General Services Fund Group Total			**$ 468,093**	**$ 1,142,216**	**$ 1,743,425**	**$ 8,521,139**	**388.76%**	**$ 9,032,125**	**6.00%**
313	350-601	LSCA Federal	$ 4,692,405	$ 4,876,561	$5,070,859	$ 5,241,306	3.36%	$ 5,241,306	0.00%
313	350-603	LSCA Construction	$ 287,341	$ 234,615	$566,544	$ 0	-100.00%	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 4,979,746**	**$ 5,111,176**	**$ 5,637,403**	**$ 5,241,306**	**-7.03%**	**$ 5,241,306**	**0.00%**
Library Board, State Total			***$ 20,875,223***	***$ 22,891,530***	***$ 26,954,616***	***$ 25,051,063***	***-7.06%***	***$ 25,856,635***	***3.22%***

- Commission continues to issue decisions within the 45-day goal
- 1.346 million in forfeitures collected in FY 2001 for GRF

Liquor Control Commission

Jeremie Newman, Budget Analyst

ROLE

The Liquor Control Commission (LCO) is the rule-making and adjudication agency that oversees the alcohol beverage industry in Ohio. The commission's activities include the following: 1) making and interpreting rules regarding liquor production, sales, advertising, etc.; 2) hearing and ruling on cases regarding violations of liquor laws that could result in the suspension or revocation of a liquor permit; 3) hearing and ruling on appeals of decisions of the Division of Liquor Control concerning liquor permit renewals and distribution; and 4) hearing and ruling on appeals of liquor permit revocations and of permit non-renewals due to sales tax delinquency.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
9	$738,000	$756,000	$0	$0	Am. Sub. H.B. 94

OVERVIEW

The Liquor Control Commission's budget consists of one fund, the Liquor Control Fund. This fund is used to operate the commission as well as the Division of Liquor Control in the Department of Commerce and the Liquor Enforcement Division in the Department of Public Safety. Appropriations in FY 2002 represent an 11 percent increase over FY 2001, although FY 2002 appropriations are 29.6 percent higher than FY 2001 actual expenditures. FY 2003 appropriations are 2.5 percent higher than FY 2002. The increase in appropriations was needed by the commission in order to replace an existing copy machine with a new digital copier and to improve the exchange of information between the commission and its partner agencies.

BUDGET ISSUES

PERSONAL SERVICES AND PURCHASED SERVICES

The Liquor Control Commission spends about 81 percent of their total budget on personal services and purchased items. Since the commission reacts to the activities of the Department of Public Safety, Division of Liquor Control, Attorney General, Department of Taxation, permit holders, and others, it is difficult to predict how much of their services will be required. Therefore, by increasing the commission's technology, LCO will be able to improve the exchange of information with its partner agencies and help ensure uninterrupted and efficient service.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

LCO Liquor Control Commission

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	970-100	Personal Service	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	970-200	Maintenance	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	970-300	Equipment	$ 0	----		----	N/A	----	N/A
General Revenue Fund Total			**$ 0**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
043	970-321	Operating Expenses	$ 603,440	$ 640,902	$569,778	$ 738,135	29.55%	$ 756,472	2.48%
Liquor Control Fund Group Total			**$ 603,440**	**$ 640,902**	**$ 569,778**	**$ 738,135**	**29.55%**	**$ 756,472**	**2.48%**
Liquor Control Commission Total			***$ 603,440***	***$ 640,902***	***$ 569,778***	***$ 738,135***	***29.55%***	***$ 756,472***	***2.48%***

- The Ohio Lottery is self-sustaining and funded through the State Lottery Fund.
- The law provision requiring the transfer of at least 30% of ticket sales to the Lottery Profits Education Fund has been removed.

Ohio Lottery Commission

Jean J. Botomogno, Economist

ROLE

The Ohio Lottery operates to create profits to be transferred to the Lottery Profits Education Fund (LPEF) for use in programs benefiting primary, secondary, vocational, and special education. The amount transferred comes largely from operating profits with other transfers made from the Unclaimed Prize Fund.

The Ohio Lottery is self-sustaining and funded through the State Lottery Fund. Of the $2,150.3 billion of total ticket sales generated in FY 2000, 59 percent was awarded to players as prizes, 31 percent was transferred to the Ohio Department of Education, 6 percent was paid to agents as commissions and bonuses, and 4 percent was spent on operations. The Lottery operates a variety of on-line and instant ticket games. The on-line games are Pick 3, Pick 4, Buckeye 5, Super Lotto, and the Kicker.[15] These games generated approximately 48.5 percent of total sales revenue in FY 2001. The Lottery sells a wide variety of instant games, including special games that coincide with major holidays. Instant games were approximately 51.5 percent of total sales revenue in FY 2001.

The Lottery is governed by a nine-member commission, appointed by the Governor and confirmed by the Senate. No more than five members of the commission may be from the same political party. Daily administration of the Lottery is the responsibility of an executive director who is appointed by the Governor to oversee staff and operations.

Agency In Brief

Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
344	$452.1 million	$452.3 million	$0	$0	Am.Sub. H.B. 94

Fifty-eight percent of the employees are in sales and marketing. Executive and administrative staff constitutes 22 percent of the work force. The remainder of the staff is either in the Finance or the Technology divisions.

[15] These on-line games are played via a terminal at a Lottery sales agent. Those terminals are linked to Ohio Lottery headquarters computers. On-line games do not refer to "Internet" lottery sales.

Overview

Appropriations for FY 2002 are $452.1 million, a 3.0 percent decrease from FY 2001 expenditures. FY 2003 appropriations are $452.3 million, virtually identical to FY 2002 appropriations. Seventy percent of total appropriations are related to prizes. Appropriations for Prizes, Bonus, and Commissions are $136.4 million in FY 2002 and $132.5 million in FY 2003. Annuity Prizes appropriations are $185.4 million in FY 2002 and $188.2 million in FY 2003.

All operating funds are from the State Lottery Fund, which receives all its moneys from lottery ticket sales. The Ohio Lottery Commission uses no general revenue funds.

Budget Issues

Transfers to the Lottery Profit Education Fund (LPEF)

The budget includes language eliminating the required transfer of at least 30 percent of ticket sales to the Lottery Profits Education Fund (LPEF). Transfers to LPEF will be determined for each biennium during the budget process. The FY 2002-2003 biennium budget requires the Ohio Lottery Commission to transfer an amount greater than or equal to $633.7 million in FY 2002 and $621.7 million in FY 2003 to LPEF. Transfers will be from estimated net income from operations and may be supplemented by the Unclaimed Prizes Fund. The transfer amount for FY 2003, which is lower than the FY 2002 transfer recognizes that lottery ticket sales may continue their decline. Regular and riverboat casinos, racetracks video-lottery terminals, multi-jurisdictional games such as Power Ball and the Big Game, Internet-based and charitable gaming are providing an increasingly fierce competition to the Ohio Lottery for Ohioans gaming dollars. Transfers from the Unclaimed Prizes Fund started in 1996 when $13.0 million were transferred to LPEF. In FY 1997 and 1998, transfers were $38.0 million and 28.7 million, respectively. In the last three fiscal years, transfers from the Unclaimed Prized Fund have been $25.0 million.

Games and Adverstising Contracts

On-line and instant gaming operation and services are provided to the Lottery by GTECH Corporation. The Lottery had two separate contracts, one for on-line games and the other for instant tickets for the previous biennium. Estimated compensation was based on the rate of 1.6346 percent of on-line revenue and 0.188 percent of gross instant ticket sale, for an estimated total of $33.5 million. During FY 2002-2003, the Lottery will have one contract with GTECH. For on-line games, GTECH will be compensated at the rate of 1.7853 percent of total on-line sales revenue and 0.3217 percent of total gross instant ticket sales. Total compensation is estimated to be $21.4 million both in FY 2002 and in FY 2003, or $42.8 million for the biennium. This represents a 27.2 percent increase over the previous biennium.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

LOT Lottery Commission, Ohio

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
044	950-100	Personal Services	$ 20,275,728	$ 21,417,075	$21,082,266	$ 23,990,502	13.79%	$ 25,164,204	4.89%
044	950-200	Maintenance	$ 17,959,912	$ 18,173,581	$20,357,375	$ 24,167,162	18.71%	$ 24,698,840	2.20%
044	950-300	Equipment	$ 2,188,802	$ 1,699,871	$2,017,550	$ 4,131,719	104.79%	$ 3,664,576	-11.31%
044	950-402	Game and Advertising Contracts	$ 51,823,796	$ 52,252,617	$60,268,419	$ 64,913,869	7.71%	$ 64,624,331	-0.45%
044	950-601	Prizes, Bonuses and Commissions	$ 184,929,181	$ 130,537,087	$129,530,896	$ 136,371,980	5.28%	$ 132,532,125	-2.82%
871	950-602	Annuity Prizes	$ 167,877,518	$ 372,297,240	$223,556,967	$ 185,454,636	-17.04%	$ 188,275,991	1.52%
872	950-603	Unclaimed Prize Awards	$ 5,000,000	$ 11,291,614	$9,625,475	$ 13,093,114	36.03%	$ 13,354,976	2.00%
State Lottery Fund Group Total			**$ 450,054,937**	**$ 607,669,085**	**$ 466,438,948**	**$ 452,122,982**	**-3.07%**	**$ 452,315,043**	**0.04%**
Lottery Commission, Ohio Total			***$ 450,054,937***	***$ 607,669,085***	***$ 466,438,948***	***$ 452,122,982***	***-3.07%***	***$ 452,315,043***	***0.04%***

- Appropriations for the FY 2002-2003 biennium are 1.1% above FY 2000-2001 actual expenditures
- FY 2003 GRF appropriations are approximately $1.7 million below FY 2002 GRF appropriations

Department of Mental Health

Amy Frankart, Budget Analyst

ROLE

The Department of Mental Health (DMH) is a cabinet level agency that is responsible for ensuring that quality mental health services are available in all communities in Ohio. The department employs approximately 3,140 personnel. In the years since the passage of the Mental Health Act of 1988, Ohio has transitioned to a state-managed, locally-administered mental health system.

The department works with local mental health boards to ensure the provision of mental health services. There are 50 single-county or multi-county mental health boards covering all 88 counties in Ohio. The boards are responsible for planning, funding, monitoring, and evaluating the service delivery system within their geographic areas. The community mental health boards contract with local service providers to deliver mental health services in the community.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
3,140	$817.7 million	$824.4 million	$515.6 million	$513.8 million	Am. Sub. H.B. 94

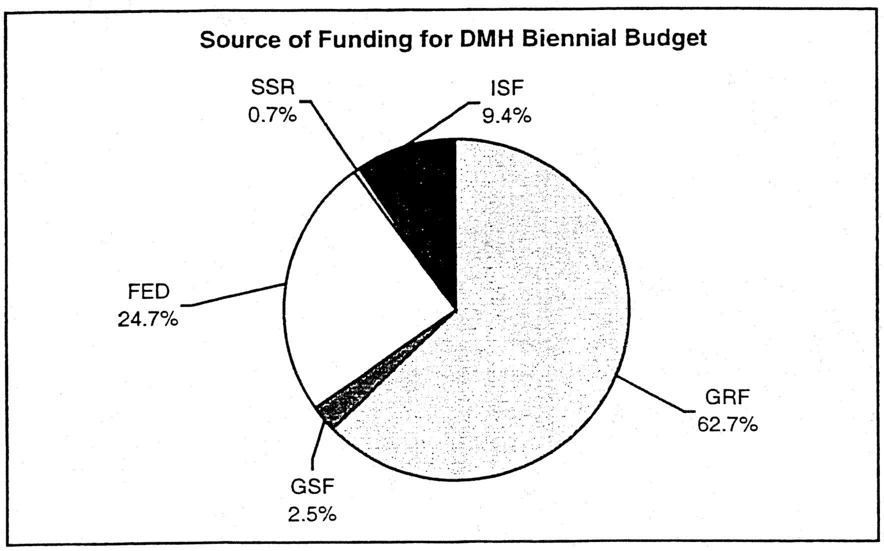
OVERVIEW

The department has a total all funds biennial budget of $1,642,195,688. This represents a 1.1 percent increase over actual spending in the FY 2000-2001 biennium. However, FY 2002 total appropriations are 3.75 percent below FY 2001 actual expenditures. For FY 2003, total appropriations are 0.8 percent over FY 2002 appropriations. The GRF portion of the department's FY 2002-2003 budget is 1.7 percent above FY 2000-2001 actual expenditures.

APPROPRIATION BY FUND GROUP

General Revenue funds represent 62.7 percent of the total biennial appropriations for the department. Over 80 percent of these GRF dollars are designated for hospital and community mental health services. Federal dollars represent 24.7 percent of total biennial appropriations. The federal share of Medicaid dollars for Medicaid covered mental health services account for over 80 percent of this federal revenue. The portion of services that are reimbursed with federal Medicaid funds is determined by the federal medical assistance percentage (FMAP). For federal fiscal year 2002, Ohio's FMAP is 58.78 percent. This means that for every $100 in services that are reimbursable under the Medicaid program, the federal government would reimburse $58.78 and $41.22 would be covered through state or local resources.

The following chart illustrates the various funding sources of the Department of Mental Health's biennial budget by fund group: General Revenue Fund (GRF), Federal Special Revenue Fund (FED), Intergovernmental Service Fund (ISF), General Services Fund (GSF), and State Special Revenue Fund (SSR).



BUDGET ISSUES

COMMUNITY AND HOSPITAL SERVICES

The three major department GRF line items: 334-408, Community Mental Health and Hospital Services, 335-502, Community Mental Health Programs, and 335-508, Services for Severely Mentally Disabled, provide the majority of department funds to both the community and hospital systems. For FY 2002, across these three GRF line items, the budget act provides a 2.4 percent increase over FY 2001 actual expenditures. However, FY 2003 appropriations for these three line items decrease by approximately 1.0 percent, or $3.25 million when compared to FY 2002 appropriations.

Hospital Services

DMH currently operates five Behavioral Health Care Organizations or BHCO's (formerly known as state psychiatric hospitals) at nine inpatient sites located throughout the state. They are as follows:

APPALACHIAN PSYCHIATRIC HEALTHCARE SYSTEM

- Athens Campus
- Cambridge Campus

MASSILLON PSYCHIATRIC CENTER

NORTHCOAST BEHAVIORAL HEALTHCARE SYSTEM

- Cleveland Campus (formerly Cleveland Psychiatric Institute)
- Northfield Campus (formerly Western Reserve Psychiatric Hospital)
- West Campus (formerly Northwest Psychiatric Hospital in Toledo)

PAULINE WARFIELD LEWIS CENTER

TWIN VALLEY PSYCHIATRIC SYSTEM

- Columbus Campus (formerly Central Ohio Psychiatric Hospital (COPH))
- Dayton Campus (formerly Dayton Mental Health Center)

In March 2001, a consolidation of the state's two maximum-security facilities in Dayton and Columbus took place. This consolidation involved transferring dozens of patients to the Columbus campus and eliminating approximately 50 jobs.

According to the department, with the appropriation increase in GRF line item 334-408 in FY 2002, plus the savings that will occur due to the consolidation of the hospital maximum-security forensic services in Dayton and Columbus to the Columbus campus, hospital services are expected to stay relatively constant in FY 2002. However, in FY 2003, the $3.75 million decrease in GRF funding in line item 334-408, Community Mental Health and Hospital Services, combined with rising costs due to pay raises and other factors, will result in a decrease in hospital services.

Starting in October 2001, the department and the community mental health boards will be discussing the details of the budget's impact on hospital and community services in FY 2003. A plan will be devised in December 2001 to determine what areas of the mental health system will absorb the impact of the budget action. If the plan results in a budget cut for hospitals, then roughly 200 positions would have to be eliminated in order to balance the department's budget. This would require the closure of one to three campuses, depending on which facilities are targeted.

Community Services Provided by Local Agencies

The department is responsible for the oversight of behavioral healthcare services managed locally by 50 community mental health boards that are directly responsible for the local planning and funding of these services. The local system of care's primary role is to provide acute care services for persons who do not have the financial ability to purchase private care. Community mental health boards contract with community agencies to provide services such as individual and group counseling, residential treatment, crisis intervention, case management, and employment assistance to persons with severe and persistent mental illness. Over 400 community agencies provide mental health services to more than 178,000 adults and 72,000 youth each year.

As stated earlier, three GRF line items: 334-408, Community Mental Health and Hospital Services, 335-502, Community Mental Health Programs, and 335-508, Services for Severely Mentally Disabled, provide the majority of department funds to the community. Appropriation levels contained in the budget act will result in a decrease in mental health services and operations, especially in FY 2003, in either the community or the hospital system. Constraints on local funding could lead to the termination of some local programs, ultimately decreasing mental health services in the community. Each community mental health board will set its own priorities and determine potential areas for program cuts.

Community Services Provided by State Employees

The Community Support Network (CSN) program, formerly known as State Operated Services (SOS), re-deploys state hospital staff in the community, at the request of local community mental health boards, to fill gaps in community service systems, as well as to provide expertise regarding the treatment of individuals who are at substantial risk for hospitalization. There are approximately 600 state employees currently performing this function. Local community health boards must pay the state for CSN services that they request. (Boards can choose to pay for CSN services with state subsidies that they are to receive.)

Currently, 83 CSN programs operate statewide, which provide a variety of services to both adult and juvenile client populations. Forensic, residential, substance abuse, and community teams provide the CSN services to approximately 5,000-6,000 persons annually.

In FY 2003, the $3.75 million decrease in GRF funding in line item 334-408, Community Mental Health and Hospital Services, will result in a decrease in services. Community mental health boards purchase CSN services to fill gaps in community service treatment systems. The department expects the constraints on local funding will lead to termination of some CSN programs, resulting in potential employee reductions in FY 2002 and FY 2003.

MEDICAID WAIVER FOR COMMUNITY MENTAL HEALTH SERVICES

The budget act requires the Department of Job and Family Services, with the assistance of the Department of Mental Health, and after consulting with certain community mental health facilities, as well as the chairperson and ranking minority member of specific House of Representatives and Senate committees, to develop and submit an application to the federal government for a Medicaid waiver. According to the department, the waiver would enable community mental health boards to be more selective when contracting with health care providers and could result in savings. Under Medicaid regulations, federal free choice provider requirements have resulted in boards having to award Medicaid agreements, and local matching funds, to providers who serve non-priority client populations. In some communities, in order to provide funds to new providers, local funds have been taken away from core mental health services. The waiver would allow the boards to turn down providers if adequate access to that service exists locally.

The budget act provides that any of the federal Medicaid statutes and regulations that can be waived may be waived as necessary to better ensure both of the following:

- That Medicaid coverage and payment methods for community mental health services are consistent with the service priorities established by the Department of Mental Health and the boards of alcohol, drug addiction, and mental health services;

- That Medicaid-covered community mental health services can be provided in a manner that maximizes the effectiveness of resources available to the department and the boards.

As stipulated in the budget act, the provisions of the waiver are to be implemented no later than July 1, 2002.

NEW BUDGET LINE ITEMS

Fund	Line item	Name	Appropriations	
			FY 2002	FY 2003
632	335-616	Community Capital Replacement	$250,000	$250,000
4P9	335-604	Community Mental Health Projects	$200,000	$200,000
3B1	334-635	Hospital Medicaid Expansion	$2,000,000	$2,000,000

FORENSIC SERVICES

The department and the community mental health boards work with local jails, state prisons, law enforcement agencies, community mental health and substance abuse treatment provider organizations, and courts to provide continuity of care for persons entering and leaving local jails and state prisons who need mental health and substance abuse treatment. The department and community mental health boards also coordinate with state hospitals, community psychiatric evaluation centers, other community mental health boards, and local providers to develop and implement programs, policies, and procedures for community-based systems of forensic care.

Twelve state-funded regional community psychiatric centers provide sanity and competency evaluation services for municipal courts, juvenile courts, and courts of common pleas. They provide evaluations in many settings including jails, hospitals, and in the community. It should be noted that two regional community psychiatric centers, one in Cuyahoga County and the other in Lake County, receive no state funding under the Forensic Services program as these counties started their centers on their own.

GRF line item 332-401, Forensic Services, provides funds for the regional community psychiatric centers. The budget act decreases funding for this line item by 1.3 percent in FY 2002, below FY 2001 actual expenditures by $55,800, and increases funding in FY 2003 by 1.9 percent, or $79,300. According to the department, due to the decreased level of funding and the rising costs in the community, there will be some reprioritizing of community services that may end up affecting community forensic service levels.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

DMH Mental Health, Department of

Fund	ALI	Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	332-401	Forensic Services	$ 3,858,403	$ 4,156,383	$4,315,366	$ 4,259,513	-1.29%	$ 4,338,858	1.86%
GRF	333-100	Personal Services - Central Administrati	$ 17,125,939	$ 18,141,793	$15,074,658	$ 17,024,323	12.93%	$ 16,807,353	-1.27%
GRF	333-200	Maintenance - Central Administration	$ 1,802,904	$ 2,359,408	$2,468,132	$ 2,276,155	-7.78%	$ 2,318,555	1.86%
GRF	333-300	Equipment - Central Administration	$ 786,257	$ 703,232	$615,335	$ 490,894	-20.22%	$ 500,038	1.86%
GRF	333-402	Resident Trainees	$ 1,319,337	$ 1,365,663	$1,282,965	$ 1,472,858	14.80%	$ 1,500,294	1.86%
GRF	333-403	Pre-admission Screening Expenses	$ 645,750	$ 645,750	$658,665	$ 638,246	-3.10%	$ 650,135	1.86%
GRF	333-409	Volunteer Recruitment	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	333-415	Lease Rental Payments	$ 31,527,351	$ 29,399,997	$27,565,340	$ 24,754,900	-10.20%	$ 26,275,300	6.14%
GRF	333-416	Research Program Evaluation	$ 953,202	$ 926,270	$914,547	$ 956,224	4.56%	$ 972,178	1.67%
GRF	333-701	Cambridge Environment Improvement	----	----	$645,242	$ 0	-100.00%	$ 0	N/A
GRF	334-408	Community and Hospital Mental Health	$ 329,825,597	$ 343,537,836	$348,498,822	$ 356,469,071	2.29%	$ 352,719,838	-1.05%
GRF	334-409	Volunteer Recruitment-Hospitals	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	334-506	Court Costs	$ 992,683	$ 1,010,915	$1,026,171	$ 958,791	-6.57%	$ 976,652	1.86%
GRF	335-406	Vocational Rehabilitation	$ 0	----		----	N/A	----	N/A
GRF	335-419	Community Medication Subsidy	$ 6,448,068	$ 7,181,673	$7,701,549	$ 7,682,295	-0.25%	$ 7,701,549	0.25%
GRF	335-502	Community Mental Health Programs	$ 37,517,778	$ 37,294,696	$38,344,494	$ 38,166,674	-0.46%	$ 38,166,674	0.00%
GRF	335-508	Services for Severely Mentally Disabled	$ 57,943,559	$ 58,549,469	$57,572,105	$ 60,405,135	4.92%	$ 60,905,135	0.83%
General Revenue Fund Total			**$ 490,746,828**	**$ 505,273,085**	**$ 506,683,392**	**$ 515,555,079**	**1.75%**	**$ 513,832,559**	**-0.33%**
149	333-609	Central Office Rotary - Operating	$ 633,744	$ 1,435,170	$2,604,245	$ 2,013,823	-22.67%	$ 2,037,918	1.20%
149	334-609	Hospital Rotary - Operating	$ 2,567,159	$ 6,155,814	$19,046,665	$ 10,451,492	-45.13%	$ 10,451,492	0.00%
150	334-620	Special Education	$ 80,000	$ 170,832	$193,942	$ 152,500	-21.37%	$ 152,500	0.00%
4P9	335-604	Community Mental Health Projects	----	----		$ 200,000	N/A	$ 200,000	0.00%
4N8	335-606	Family Stability Incentive	$ 6,982,646	$ 4,934,599	$7,045,651	$ 7,460,600	5.89%	$ 7,647,115	2.50%
General Services Fund Group Total			**$ 10,263,549**	**$ 12,696,415**	**$ 28,890,503**	**$ 20,278,415**	**-29.81%**	**$ 20,489,025**	**1.04%**
324	333-605	Medicaid/Medicare	$ 165,587	$ 605,651	$388,895	$ 379,009	-2.54%	$ 375,219	-1.00%
3A6	333-608	Community & Hospital Services	$ 0	----		$ 0	N/A	$ 0	N/A
3A7	333-612	Social Services Block Grant	$ 0	$ 0		$ 25,000	N/A	$ 25,000	0.00%
3A8	333-613	Federal Grant-Administration	$ 0	$ 7,190	$61,812	$ 87,000	40.75%	$ 58,000	-33.33%
3A9	333-614	Mental Health Block Grant	$ 539,049	$ 521,177	$991,512	$ 642,264	-35.22%	$ 642,264	0.00%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DMH Mental Health, Department of									
3B1	333-635	Community Medicaid Expansion	$ 2,394,878	$ 2,148,709	$6,350,092	$ 6,550,000	3.15%	$ 5,550,000	-15.27%
324	334-605	Medicaid/Medicare	$ 13,028,873	$ 14,775,824	$13,575,304	$ 8,791,748	-35.24%	$ 9,043,700	2.87%
3A6	334-608	Subsidy for Federal Grants	$ 1,447	$ 0		$ 0	N/A	$ 0	N/A
3A8	334-613	Federal Letter of Credit	----	$ 30,100		$ 9,000	N/A	$ 0	-100.00%
3B0	334-617	Elementary/Secondary Education	$ 95,795	$ 166,653	$172,791	$ 202,774	17.35%	$ 214,340	5.70%
5L2	334-619	Health Foundation/Greater Cincinnati	----	$ 1,392	$136,534	$ 131,600	-3.61%	$ 94,869	-27.91%
3B1	334-635	Hospital Medicaid Expansion	----	----		$ 2,000,000	N/A	$ 2,000,000	0.00%
3A6	335-608	Federal Miscellaneous	----	----	$25,294	$ 0	-100.00%	$ 0	N/A
3A7	335-612	Social Services Block Grant	$ 8,833,150	$ 9,503,475	$10,913,752	$ 9,314,108	-14.66%	$ 9,314,108	0.00%
3A8	335-613	Federal Grant - Community Mental Heal	$ 861,616	$ 339,272	$1,426,601	$ 960,000	-32.71%	$ 960,000	0.00%
3A9	335-614	Mental Health Block Grant	$ 8,898,402	$ 15,852,228	$19,363,322	$ 12,754,654	-34.13%	$ 12,737,654	-0.13%
3B1	335-635	Community Medicaid Expansion	$ 118,140,365	$ 133,942,288	$176,716,368	$ 157,480,000	-10.89%	$ 165,355,000	5.00%
Federal Special Revenue Fund Group Total			**$ 152,959,162**	**$ 177,893,959**	**$ 230,122,276**	**$ 199,327,157**	**-13.38%**	**$ 206,370,154**	**3.53%**
5M2	333-602	PWLC Campus Improvement	----	----	$177,310	$ 1,000,000	463.98%	$ 0	-100.00%
4X5	333-607	Behavioral Health Medicaid Services	$ 6,155,701	$ 6,824,591	$2,658,304	$ 2,759,400	3.80%	$ 2,828,385	2.50%
485	333-632	Mental Health Operating	$ 37,254	$ 4,143	$48,934	$ 130,959	167.62%	$ 134,233	2.50%
485	334-632	Mental Health Operating	$ 2,445,375	$ 1,663,798	$2,635,733	$ 1,991,448	-24.44%	$ 1,989,912	-0.08%
692	334-636	Community Mental Health Board Risk F	$ 0	$ 0	$1,500,000	$ 361,323	-75.91%	$ 370,356	2.50%
632	335-616	Community Capital Replacement	----	----		$ 250,000	N/A	$ 250,000	0.00%
State Special Revenue Fund Group Total			**$ 8,638,330**	**$ 8,492,532**	**$ 7,020,281**	**$ 6,493,130**	**-7.51%**	**$ 5,572,886**	**-14.17%**
151	235-601	General Administration	$ 67,343,496	$ 71,600,298	$76,411,799	$ 76,095,310	-0.41%	$ 78,181,973	2.74%
Intragovernmental Service Fund Group Total			**$ 67,343,496**	**$ 71,600,298**	**$ 76,411,799**	**$ 76,095,310**	**-0.41%**	**$ 78,181,973**	**2.74%**
Mental Health, Department of Total			***$ 729,951,365***	***$ 775,956,289***	***$ 849,128,251***	***$ 817,749,091***	***-3.70%***	***$ 824,446,597***	***0.82%***

- Medicaid redesign gives county boards local administrative authority
- Funding for county board tax equalization program significantly increased over FY 2000-2001 biennium

Department of Mental Retardation and Developmental Disabilities

Jeffrey M. Rosa, Senior Budget Analyst

ROLE

The Department of Mental Retardation and Developmental Disabilities (DMR) is the primary service agency for persons with mental retardation and other developmental disabilities and their families. The department provides services to just under 2,000 individuals at 12 developmental centers located statewide. Services are also provided to approximately 5,700 people through two home and community-based Medicaid waivers: Individual Options (IO) and Residential Facilities (RFW). There are currently about 18,000 Ohioans on waiting lists for waiver services: about 17,600 for the IO and about 5,600 for the RFW. Additionally, more than 4,500 individuals over age 40 are still living at home with elderly parents.

The department also provides funding assistance to the 88 county boards of mental retardation and developmental disabilities (CBMR/DD) in Ohio for residential and support services. These services include, but are not limited to, residential supports, early intervention and family supports, adult vocational and employment services, and case management. Approximately 50,000 people receive support services through programs provided by the county boards of MR/DD. Residential supports offered by county boards serve more than 12,000 individuals with mental retardation or developmental disabilities.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
4,272*	$864.3 million	$893.0 million	$354.9 million	$369.5 million	Am. Sub. H.B. 94

*total positions as of August 9, 2001 pay period: 321 in central office and 3,951 in developmental centers

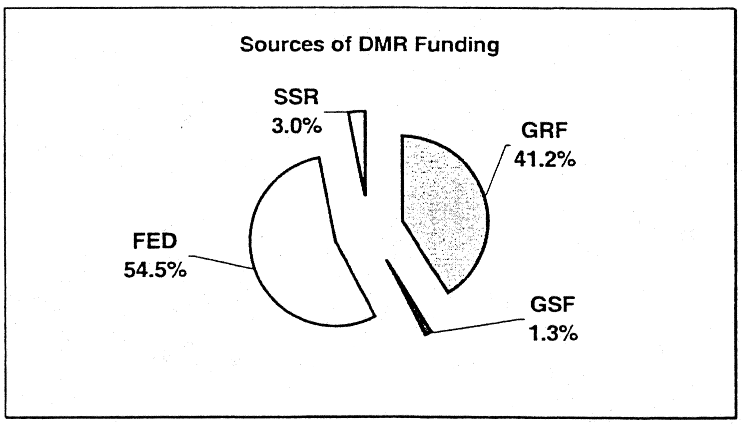
OVERVIEW

Appropriations for the Department of Mental Retardation and Developmental Disabilities total $1,757,249,023 over the FY 2002-2003 biennium. This represents an increase of 16.9 percent over actual spending in the FY 2000-2001 biennium ($1,502,824,422). For GRF appropriations only, the increase in the current biennium, when compared to the FY 2000-2001 biennium, is 8.4 percent. In terms of actual dollars, biennial GRF appropriations for FYs 2002-2003 are $724,362,138 versus actual GRF expenditures of $668,269,793 in the FY 2000-2001 biennium. For federally funded appropriations, the increase in the FY 2002-2003 biennium versus actual spending in the FY 2000-2001 biennium is 22.2 percent. In FY 2002, total appropriations for the department increase by 12.2 percent over actual FY 2001 expenditures. In FY 2003, total appropriations increase by 3.3 percent over FY 2002 appropriations.

TYPES OF APPROPRIATIONS

Federal dollars represent 54.5 percent of total biennial appropriations in the current biennium. Over 90 percent of this federal revenue is the federal share of Medicaid services provided to Ohioans with MR/DD. The three line items with the majority of Medicaid reimbursement are 323-605, Residential Facilities Reimbursement (Fund 3A4), 322-639, Medicaid Waiver (Fund 3G6), and 322-650, CAFS Medicaid (Fund 3M7). The portion of services that are reimbursed with federal Medicaid funds is determined by the federal medical assistance percentage (FMAP). For federal fiscal year 2002, Ohio's FMAP is 58.78 percent. This means that for every $100 in services that are reimbursable under the Medicaid program, the federal government would reimburse $58.78, and $41.22 would be covered through state or local resources.

In the FY 2002-2003 biennium, 41.2 percent of the total appropriations are from the state's General Revenue Fund (GRF).



GRF APPROPRIATION REDUCTION

Section 202 of Am. Sub. H.B. 94 of the 124th G.A. reduces various GRF appropriations by 1.5 percent in each fiscal year of the FY 2002-2003 biennium. Division (A)(2) of this section exempts the appropriations made for DMR from the 1.5 percent appropriation reduction.

BUDGET ISSUES

MR/DD MEDICAID REDESIGN

Am. Sub. H.B. 94 makes various changes to permanent law governing the component of Medicaid that provides services to individuals with MR/DD. A change with significant fiscal implications is the requirement that county boards of MR/DD to locally fund the nonfederal share of certain Medicaid expenditures and assume local administrative authority for Medicaid-funded home and community-based services, habilitation center services, and case management services.

Prior to obtaining local administrative authority from DMR, a county board must submit a three-year plan for DMR's approval. This plan will include the number of individuals with MR/DD living in the county with an ICF/MR level of care, the service needs of that population and the projected annualized cost for home and community-based services, and the source of funds available to the county board to pay for the nonfederal share of Medicaid expenditures. The completed plan is required to be submitted to DMR no later than November 1, 2001, with DMR approval or disapproval coming no later than 45 days after submission of the plan.

As stated above, the county board is required, under certain circumstances, to fund the nonfederal share of Medicaid expenditures for habilitation center services, home and community-based services, and case management services for residents of that county who are eligible for county board services. Each year, a county board must adopt a resolution specifying the amount of funds it will use in the following year to cover the nonfederal share of Medicaid expenditures. If a county fails to pay the nonfederal share as required under the Revised Code, DMR may bring mandamus action against the board in the Franklin County Court of Common Pleas or the court of common pleas of the county the board serves. LSC expects that this should lead to a negligible potential increase in local county court expenditures.

The amount of revenue that a county board must assure to DMR to have for the following fiscal year will increase if the U.S. Department of Health and Human Services (HHS) approves additional home and community-based waiver slots. If by December 31, 2001, HHS approves at least 500 additional slots for calendar year (CY) 2002 than were available for CY 2001, the county board must provide by December 31, 2001, assurance to DMR that the board will have at least 1/3 of the value of 1/2 effective mill levied in the county the preceding year available in CY 2002 to pay the nonfederal share of services the board is required to pay. If HHS approves at least 500 additional slots for CY 2003 over the total in CY 2002, the county board shall assure DMR that it will have at least 2/3 of the value of 1/2 effective mill levied in the county the preceding year available in CY 2003. For CY 2004 and each calendar year thereafter, the county board must provide at least the value of 1/2 effective mill levied in the county the preceding year available to pay the nonfederal share of Medicaid services.

For a more in depth review of the permanent law changes made to the MR/DD Medicaid language, please see the final LSC Bill Analysis (excluding appropriations, fund transfers, and similar provisions) for Am. Sub. H.B. 94.

ODMR/DD Administration and Oversight Fund

As part of the Medicaid redesign, the local county boards of MR/DD will assume greater responsibility for ensuring the availability of funds for the nonfederal share of Medicaid services. As part of the changes to law, the department will charge each county board an annual fee equal to one percent of the total value of all Medicaid paid claims for Medicaid case management services and home and community-based services for which the county board contracts or provides itself. The department estimates that about $2.5 million in revenue will be collected from this fee. Of that amount, $1.75 million (70 percent) will be deposited into the ODMR/DD Administration and Oversight Fund and $750,000 (30 percent) into the ODJFS Administration and Oversight Fund. The percentage of total fee revenue allocated for DMR and JFS is subject to an interagency agreement between the two departments.

Two purposes for this money are outlined in Am. Sub. H.B. 94. The first is for DMR and JFS to provide technical support to county boards' local administrative authority under section 5126.055 of the Revised Code for habilitation center services, Medicaid case management services, and home and community-based services. The second use is for the administrative and oversight costs of the services described above that a county board develops and monitors and that the county board provides or contracts for the services. The administrative costs that may be covered with these funds include staff, systems, and other resources DMR and/or JFS needs. The activities must be dedicated only to the following duties associated with the services:

1) Eligibility determinations;
2) Training;
3) Fiscal management;
4) Claims processing;
5) Quality assurance oversight;
6) Other duties DMR and/or JFS identify.

New Waiver Applications

Two provisions of the budget bill authorize JFS to submit a request to the U.S. Department of Health and Human Services (HHS) to create a new, or modify an existing, Medicaid home and community-based services waiver program.

In the first provision, the population eligible for this waiver would be individuals with MR/DD who: (1) have an ICF/MR level of care, (2) need habilitation services, (3) are enrolled in the Ohio Home Care Waiver Program on June 30, 2001, and (4) are transferred from the Ohio Home Care Waiver to the new or modified waiver program. Additionally, JFS may state the maximum amount that it will spend per individual enrolled in the new or modified waiver and JFS may reduce the maximum number of individuals that may be served in the Home Care Waiver Program by the same amount of individuals transferred to the new waiver program.

The second provision authorizes JFS to apply to HHS for one or more Medicaid waivers in which home and community-based services are provided to individuals with MR/DD as an alternative to ICF/MR placements. This waiver would be similar to DMR's existing Individual Options (IO) waiver. Am. Sub. H.B. 94 also authorizes JFS to seek HHS approval to increase the number of IO slots by 500 in each year of the biennium.

Executive Branch Committee on Medicaid Redesign and Expansion of MR/DD Services

Uncodified law in Am. Sub. H.B. 94 establishes the Executive Branch Committee on Medicaid Redesign and Expansion of MR/DD Services. The committee consists of 12 members. Organizations represented on the panel include the governor's office, two members from DMR, two members from JFS, and one member from OBM. Each of these individuals is appointed by the agency they would represent. Additionally, one member from each of the following advocacy organizations, to be appointed by that entity, are included on the committee: The Arc of Ohio, the Ohio Association of County Boards of Mental Retardation and Developmental Disabilities, the Ohio Superintendents of County Boards of Mental Retardation and Developmental Disabilities, the Ohio Provider Resource Association, the Ohio Health Care Association, and one representative of individuals with MR/DD appointed by the director of DMR. The members shall serve without compensation or reimbursement.

The work of the committee is scheduled to be completed by June 6, 2004, when a final report is submitted to the governor and the directors of DMR and JFS. Additionally, a preliminary report is due no later than June 6, 2002. The governor is authorized to issue an executive order allowing the committee to continue past the June 6, 2004 date.

Under the law governing the committee, three issues are to be discussed. The first issue deals with reviewing the effect that the provisions of the Medicaid redesign contained in Am. Sub. H.B. 94 have had on the funding and provision of services to individuals with MR/DD. The second issue relates to the identification of issues and barriers to effective implementation of the Medicaid redesign. Finally, the committee is charged with the task of establishing effective means for resolving these issues and barriers. Included in this task is "advocating" changes to state laws and/or rules.

COUNTY BOARDS SUBSIDIES

The department distributes GRF subsidies to the 88 county boards of MR/DD according to a formula outlined in section 5126.12 of the Revised Code. Under the formula contained in the Revised Code, the state subsidy is $950 for children under age three and between $1,000 and $1,500 for persons who are at least 16 years of age or older. The variance is based on whether or not the county board is eligible to bill for Medicaid reimbursement for the individual. The amount of operating subsidy paid to a county board is based on the number of individuals enrolled in board programs, excluding children enrolled in approved special education units. Am. Sub. H.B. 94 appropriates $45.4 million in FY 2002 and $46.8 million in FY 2003 in GRF line item 322-501, County Boards Subsidies. Earmarking language for this line item requires that $6.5 million in FY 2002 and $13.0 million in FY 2003 be used to fund the department's tax equalization program, which will be discussed in more detail below.

As a result of the earmark, $38.9 million in FY 2002 and $33.8 million in FY 2003 will be available for distribution under the tax equalization program pursuant to the formula outlined in section 5126.12 of the Revised Code. Uncodified law states that the amount of subsidies distributed to the county boards will be the lesser of the amount required by the statutory formula or the remaining balance of the line item 322-501, after funding tax equalization, prorated to all the county boards.

Tax Equalization Program

The tax equalization program is created in sections 5126.16 to 5126.18 of the Revised Code. Under this program, any county board whose hypothetical local revenue per enrollee is less than the hypothetical statewide average revenue per enrollee is eligible to receive payments under this program. Amendments made in H.B. 94 to section 5126.18 of the Revised Code changed the tax equalization program from a permissive program to a mandatory program for the department. The changes to this section also require any tax equalization payments that a county board receives to be used to pay the nonfederal share of Medicaid expenditures that the county board is required to pay under section 5126.056 (A) of the Revised Code.

In addition to the money earmarked in line item 322-501, an earmark to GRF line item 322-413, Residential and Support Services, authorizes OBM to transfer $5.0 million in FY 2002 and $11.5 million in FY 2003 from line item 322-413 to line item 322-501 to be used for the tax equalization program. Therefore, total GRF funding for tax equalization earmarked in H.B. 94 is $11.5 million in FY 2002 and $24.5 million in FY 2003. As mentioned above, these moneys must be used to pay the nonfederal share of Medicaid expenditures that the county board is required to pay.

OLMSTEAD DECISION

In July 1999, the U.S. Supreme Court issued a decision in *Olmstead v. L.C., et al.* The Court ruled that individuals with disabilities have the right to live in community-based settings rather than institutions. Under Title II of the ADA of 1990, "no qualified individual with a disability shall, 'by reason of such disability,' be excluded from participation in, or be denied the benefits of, a public entity's services, programs, or activities." In the Court's decision, Justice Ginsberg stated that under Title II of the ADA, "states are required to place persons with mental disabilities in community settings rather than in institutions when the State's treatment professionals have determined that community placement is appropriate, ... taking into account the resources available to the State and the needs of others with mental disabilities." The decision also states that "undue institutionalization qualifies as discrimination 'by reason of ... disability.'"

In its arguments, the state of Georgia said that the respondents did not encounter discrimination due to their disabilities "because they were not denied community placement on account of those disabilities." The court disagreed with this argument and stated that the ADA "specifically identified unjustified 'segregation' of persons with disabilities as a 'form of discrimination.'"

As part of its ruling, the court recognized limits on the reach of ADA. "The ADA is not reasonably read to impel States to phase out institutions, placing patients in need of close care at risk. Nor is it the ADA's mission to drive States to move institutionalized patients into an inappropriate setting.... If, for example, the State were to demonstrate that it had a comprehensive, effectively working plan for placing qualified persons with mental disabilities in less restrictive settings, and a waiting list that moved at a reasonable pace not controlled by the State's endeavors to keep its institutions fully populated, the reasonable-modifications standard would be met."

Information about the *Olmstead* decision can be obtained at the Supreme Court Collection at the Legal Information Institute (***http://supct.law.cornell.edu/supct/html/98-536.ZS.html***).

Information discussed at the NCSL Olmstead Advisory Group Roundtable at the 2001 NCSL Annual Meeting, covered the three-pronged Olmstead litmus test that can be applied to determine if a state is meeting the requirements outlined in the court's decision. The first prong is that state treatment professionals have determined that appropriate community placements are available. Second, the affected individual does not oppose a transfer to the community. Finally, the community placement is required to be reasonably accommodated within available means. Along these lines, people generally agree that the presence of a waiting list is permissible provided that the list is moving reasonably within the context of a comprehensive plan to provide community services.

Martin v. Taft

The *Martin v. Taft* case (No. C-2-89-362, United States District Court for the Southern District of Ohio) is a class action lawsuit filed by the Ohio Legal Rights Service (LRS) against the department in 1989. The court has certified a class of "all mentally retarded or developmentally disabled Ohioans who are, or will be, in need of community housing and services which are normalized, home-like and integrated, and a subclass who, in addition to being members of the class, are, or will be, Medicaid recipients." According to LRS, the suit emphasizes that programs should not discriminate against people with more severe or multiple disabilities, and that housing and residential services must be developed in a way that encourages integration of individuals covered in the class into the community at large.

In this lawsuit, the plaintiffs argue that Ohio is violating various federal laws and the U.S. Constitution. These include violations of section 504 of the Rehabilitation Act of 1973, which prohibits denial of services based on discrimination against people with mental retardation or which deny community integration. The suit also argues that Ohio is not meeting the statewideness requirement of the Medicaid program. Finally, just as occurred in the *Olmstead* case, the plaintiffs argue that Ohio is violating the Americans with Disabilities Act of 1990, since the class members are, or are at risk of, being unduly segregated in institutions in violation of the integration regulation.

A trial date of December 4, 2000 was vacated by the court to decide on various pending motions and no new date has been set.

Developmental Center Staffing Issues

The department currently operates 12 developmental centers, which are located throughout the state. Each of these centers is licensed as an intermediate care facility for the mentally retarded (ICF/MR). During the previous biennium, the department, for the first time, began requiring each developmental center to produce a budget with center-specific revenue and expense reports. In previous years, the centers were only given an allocation from the department. As part of the effort to ensure that center services are being provided in a cost efficient manner, each center was required to review in detail each job classification and that position's relevance to the daily mission of the developmental center. As of the August 9, 2001 pay period, the centers employed 3,951 workers. This compares to 4,070 full-time and part-time filled positions as of the August 17, 2000 pay period, a decrease of 2.9 percent. As positions have become vacant, those that were deemed not central to the center's mission were left vacant.

According to the department, this is not intended to be an effort to close one or more of the centers and the goal is to reduce staff without hurting quality. For that reason, positions providing direct care are exempted from these potential cuts. The department plans to implement these job reviews in the fall of 2001. Included in the plan is the potential for layoffs, position abolishments, and reclassifications. There will be no quotas on the number of positions that need to be cut or the total amount to be saved. Additionally, the department expects that there will be larger cuts at the older facilities that still had certain in-house services like x-ray technicians and microbiologists. Prior to starting this process, the superintendents of the 12 centers met with all staff, the unions, parent groups, etc. to provide an accurate representation of what the department planned to do.

Information published in the August 30, 2001 *Columbus Dispatch* reports that the department has identified 339 positions that will be eliminated. The department states that any employee affected will be given the option of taking another job with the department, though many of these job changes will involve retraining. The department also stated that the total savings arising from this process wouldn't be known until the changes are in place.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

DMR *Mental Retardation and Developmental Disabilities, Dept. of*

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	320-100	Personal Services-Central Office	$ 0	----		----	N/A	----	N/A
GRF	320-200	Maintenance	$ 0	----		----	N/A	----	N/A
GRF	320-300	Equipment	$ 0	----		----	N/A	----	N/A
GRF	320-321	Central Administration	$ 11,247,957	$ 11,957,993	$11,663,996	$ 11,001,218	-5.68%	$ 11,361,253	3.27%
GRF	320-411	Special Olympics	$ 196,000	$ 200,000	$200,000	$ 200,000	0.00%	$ 200,000	0.00%
GRF	320-412	Protective Services	$ 1,282,226	$ 1,256,499	$1,316,437	$ 1,402,498	6.54%	$ 1,502,150	7.11%
GRF	320-415	Lease-Rental Payments	$ 33,504,313	$ 29,399,997	$27,565,340	$ 24,754,900	-10.20%	$ 26,275,300	6.14%
GRF	322-405	State Use Program	$ 132,339	$ 151,387	$196,210	$ 264,685	34.90%	$ 264,685	0.00%
GRF	322-413	Residential and Support Services	$ 125,505,248	$ 126,127,410	$130,856,142	$ 154,418,317	18.01%	$ 164,539,811	6.55%
GRF	322-414	Sermak Class Services	$ 1,403,390	$ 54,750	$37,015	$ 0	-100.00%	$ 0	N/A
GRF	322-451	Family Support Services	$ 6,945,593	$ 7,705,342	$7,975,864	$ 7,975,870	0.00%	$ 7,975,870	0.00%
GRF	322-452	Case Management	$ 6,094,841	$ 6,235,022	$6,384,663	$ 8,984,491	40.72%	$ 9,874,628	9.91%
GRF	322-460	Vocational Rehabilitation	$ 0	----		----	N/A	----	N/A
GRF	322-501	County Boards Subsidies	$ 44,646,547	$ 45,766,039	$46,863,627	$ 45,366,297	-3.20%	$ 46,817,644	3.20%
GRF	323-100	Personal Services-D.C.	$ 0	----		----	N/A	----	N/A
GRF	323-200	Maintenance	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	323-300	Equipment	$ 0	----		----	N/A	----	N/A
GRF	323-321	Residential Facilities Operations	$ 100,570,302	$ 104,019,997	$102,336,062	$ 100,515,232	-1.78%	$ 100,667,289	0.15%
GRF	323-409	Volunteer Recruitment	$ 0	$ 0		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 331,528,756**	**$ 332,874,436**	**$ 335,395,357**	**$ 354,883,508**	**5.81%**	**$ 369,478,630**	**4.11%**
488	320-603	Purchase of Services Refunds	$ 0	----		----	N/A	----	N/A
4B5	320-640	Conference/Training	$ 62,121	$ 79,958	$195,121	$ 826,463	323.56%	$ 864,496	4.60%
488	322-603	Residential Services Refund	$ 364,150	$ 441,510	$679,351	$ 2,499,188	267.88%	$ 2,499,188	0.00%
4U4	322-606	Community MR and DD Trust	$ 0	$ 0		$ 125,000	N/A	$ 131,250	5.00%
4V1	322-611	Program Support	$ 0	$ 0	$634,540	$ 2,000,000	215.19%	$ 2,000,000	0.00%
4V1	322-615	Ohio's Self-Determination Project	$ 116,419	$ 73,134	$23,033	$ 0	-100.00%	$ 0	N/A
4J6	322-645	Intersystem Services for Children	$ 2,959,535	$ 2,727,186	$1,954,417	$ 5,000,000	155.83%	$ 5,000,000	0.00%
152	323-609	Residential Facilities Support	$ 81,352	$ 26,747	$106,601	$ 889,929	734.83%	$ 912,177	2.50%
General Services Fund Group Total			**$ 3,583,577**	**$ 3,348,535**	**$ 3,593,062**	**$ 11,340,580**	**215.62%**	**$ 11,407,111**	**0.59%**

Line Item Detail by Agency

DMR Mental Retardation and Developmental Disabilities, Dept. of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
3A4	320-605	Administrative Support	$ 3,213,589	$ 3,690,193	$6,595,895	$ 11,964,698	81.40%	$ 12,492,892	4.41%
325	320-608	Federal Grants	$ 0	----		----	N/A	----	N/A
325	320-612	Social Service Block Grant	$ 0	----		----	N/A	----	N/A
3A5	320-613	DD Council Operating Expenses	$ 765,001	$ 784,360	$775,662	$ 992,486	27.95%	$ 992,486	0.00%
325	320-617	Elementary & Secondary Education Act	$ 0	----		----	N/A	----	N/A
325	320-618	Client Assistance Program	$ 81,311	$ 0		$ 0	N/A	$ 0	N/A
325	320-634	Protective Services	$ 456,486	$ 407,740	$386,810	$ 0	-100.00%	$ 0	N/A
3G6	320-639	Medicaid Services Administration	$ 0	----		----	N/A	----	N/A
3M7	320-650	CAFS Administration	$ 0	----		----	N/A	----	N/A
325	320-652	Transportation Study	$ 0	----		----	N/A	----	N/A
3A4	322-605	Community Program Support	$ 1,434,116	$ 975,929	$737,258	$ 3,024,047	310.17%	$ 3,326,452	10.00%
325	322-608	Federal Grants - Operating Expenses	$ 228,197	$ 387,737	$606,912	$ 1,360,000	124.09%	$ 1,360,000	0.00%
3A4	322-610	Community Residential Support	$ 136,775	$ 205,568		$ 5,924,858	N/A	$ 5,924,858	0.00%
325	322-612	Social Service Block Grant	$ 11,701,189	$ 10,475,030	$10,026,326	$ 11,500,000	14.70%	$ 11,500,000	0.00%
3A5	322-613	DD Council Grants	$ 2,241,235	$ 2,191,189	$1,959,852	$ 3,358,290	71.35%	$ 3,358,290	0.00%
325	322-614	Health & Human Services	$ 47,195	$ 0		$ 0	N/A	$ 0	N/A
325	322-617	Education Grants - Operating	$ 90,478	$ 67,844	$107,632	$ 115,000	6.85%	$ 115,000	0.00%
3G6	322-639	Medicaid Waiver	$ 101,060,010	$ 110,055,768	$120,725,093	$ 148,304,949	22.85%	$ 151,754,169	2.33%
3M7	322-650	CAFS Medicaid	$ 131,156,566	$ 136,333,534	$160,018,753	$ 163,747,903	2.33%	$ 172,568,939	5.39%
3A4	323-605	Residential Facilities Reimbursement	$ 102,058,734	$ 111,342,408	$103,416,121	$ 120,985,419	16.99%	$ 120,985,419	0.00%
325	323-608	Federal Grants - Subsidies	$ 304,321	$ 326,120	$322,571	$ 532,000	64.92%	$ 536,000	0.75%
325	323-617	Education Grants - Residential Facilities	$ 373,752	$ 364,256	$348,400	$ 411,000	17.97%	$ 411,000	0.00%
Federal Special Revenue Fund Group Total			**$ 355,348,955**	**$ 377,607,676**	**$ 406,027,285**	**$ 472,220,650**	**16.30%**	**$ 485,325,505**	**2.78%**
4K8	322-604	Waiver-Match	$ 11,244,460	$ 10,882,620	$17,095,213	$ 13,783,463	-19.37%	$ 14,039,133	1.85%
5H0	322-619	Medicaid Repayment	----	$ 0	$115	$ 562,080	490,071.80%	$ 576,132	2.50%
489	323-632	Operating Expense	$ 7,498,886	$ 8,002,205	$7,997,918	$ 11,506,603	43.87%	$ 12,125,628	5.38%
State Special Revenue Fund Group Total			**$ 18,743,346**	**$ 18,884,825**	**$ 25,093,245**	**$ 25,852,146**	**3.02%**	**$ 26,740,893**	**3.44%**
Mental Retardation and Developmental Disabilities, De			***$ 709,204,634***	***$ 732,715,472***	***$ 770,108,950***	***$ 864,296,884***	***12.23%***	***$ 892,952,139***	***3.32%***

- GRF comprises 77% of the commission's total budget
- Appropriations for the FY 2002-2003 biennium total $4,479,473

Commission on Minority Health

Amy Frankart, Budget Analyst

ROLE

Created in 1987 as a result of the recommendations of the Governor's Task Force on Black and Minority Health, the Ohio Commission on Minority Health was the first state-level office in the United States formed exclusively to address the condition of minority health. Today, 25 states and the federal government have minority health offices. The mission of the Ohio Commission on Minority Health (MIH) is to promote health and to prevent disease among economically-disadvantaged African-American, Hispanic, Asian, and Native American Ohioans. The 18-member commission provides guidance for the Ohio agency, including its grant administration.

According to MIH, the commission focuses on meeting six long-term goals. First, MIH aims to develop non-traditional service protocols designed to reduce the effects of targeted diseases and conditions, namely, heart disease, cancer, diabetes, infant mortality, substance abuse, and violence. The commission also strives to develop and institutionalize an accessible delivery system for people with Systemic Lupus Erythematosus (SLE). Other commission goals include providing access to culturally appropriate health information for under-served minority populations and increasing access to culturally relevant health services by funding demonstration projects. And last, in the long run MIH expects to increase minority recruitment and retention in health education and to provide advocacy leading to system changes that improve minority health.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
9	$2.3 million	$2.2 million	$1.7 million	$1.7 million	Am. Sub. H.B. 94

OVERVIEW

The Commission on Minority Health is primarily funded through General Revenue Fund (GRF) moneys, comprising 77 percent of the commission's total budget. For the FY 2002-2003 biennium, the commission will receive estimated federal funding in the amount of $305,000. Other sources of funding come from registration fees related to the minority health conference costs and donations from health and human service organizations, which are expected to total $689,970 over the upcoming biennium.

Total appropriations for the FY 2002-2003 biennium are $4,479,473. The appropriation authority of $2,266,446 in FY 2002 is 12.6 percent greater than FY 2001 actual expenditures. GRF appropriations are two percent above FY 2001 actual expenditures. The appropriation authority in GRF line item 149-321, Operating Expenses, is 12.4 percent above FY 2001 actual expenditures. This increase will allow the commission to maintain current staffing levels and to implement an information technology plan for computer system upgrades. In contrast, the decrease in appropriation authority of 5.2 percent in FY 2002 and 0.3 percent in FY 2003 in line item 149-501, Minority Health Grants, will reduce the number of grants, decrease maximum grant award amounts per applicant, and thus reduce current levels of service funded through minority health grants.

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

MIH Minority Health, Commission on

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	149-321	Operating Expenses	$ 525,476	$ 600,267	$556,891	$ 625,690	12.35%	$ 628,656	0.47%
GRF	149-501	Minority Health Grants	$ 1,089,529	$ 949,743	$991,562	$ 940,045	-5.20%	$ 937,078	-0.32%
GRF	149-502	Lupus Program	$ 179,781	$ 135,102	$159,301	$ 176,518	10.81%	$ 176,518	0.00%
General Revenue Fund Total			**$ 1,794,786**	**$ 1,685,112**	**$ 1,707,754**	**$ 1,742,252**	**2.02%**	**$ 1,742,251**	**0.00%**
3J9	149-602	Federal Grants	$ 0	$ 8,326	$104,063	$ 155,000	48.95%	$ 150,000	-3.23%
Federal Special Revenue Fund Group Total			**$ 0**	**$ 8,326**	**$ 104,063**	**$ 155,000**	**48.95%**	**$ 150,000**	**-3.23%**
4C2	149-601	Minority Health Conference	$ 21,182	$ 169,279	$200,608	$ 369,194	84.04%	$ 320,776	-13.11%
State Special Revenue Fund Group Total			**$ 21,182**	**$ 169,279**	**$ 200,608**	**$ 369,194**	**84.04%**	**$ 320,776**	**-13.11%**
Minority Health, Commission on Total			***$ 1,815,968***	***$ 1,862,717***	***$ 2,012,424***	***$ 2,266,446***	***12.62%***	***$ 2,213,027***	***-2.36%***

- The transfer of Debt Service line items results in GRF increases of 17.4% in FY 2002 and 5.5% in FY 2003. However, without new debt service, the GRF would decrease by 0.7% in FY 2002 and increase by only 3.6% in FY 2003.
- Increase of 82.6% in Federal Fund appropriations.

Department of Natural Resources

Wendy Risner, Budget Analyst

ROLE

The primary role of the Department of Natural Resources is to provide a responsible balance between the preservation, conservation, and use of Ohio's natural resources. The department accomplishes this through management, planning, delivery of services, and the collection and dissemination of information needed for environmental protection and natural resource management. The department employs approximately 2,600 permanent employees and additional seasonal staff. There are 14 statutory divisions that cover three areas of responsibility. These include recreational management, resource protection, and resource management. The statutory divisions encompass the following: operating state parks; managing state forests; protecting designated scenic rivers, natural areas, and preserves; oversight of mining and oil and natural gas operations; managing and providing technical assistance in water resource management; providing geological services; providing for boating safety and related law enforcement; and wildlife management and protection.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
2,600	$309.6 million	$316.4 million	$123.2 million	$130.1 million	Am. Sub. H.B. 94 Am. Sub. H.B. 3

OVERVIEW

The department received $309,641,440 in FY 2002, which is a 22.2 percent increase over actual FY 2001 expenditures. Appropriations for FY 2003 represent a 2.2 percent increase over FY 2002. The percentage increase from FY 2001 to FY 2002 can mainly be traced to increases in Federal Special Revenue Fund group total. This fund group increased by 83 percent. In fact, appropriation item 725-653, Federal Land and Water Conservation, increased from $94 in FY 2001 to $3,559,697 in FY 2001. This appropriation is used to reimburse local governments for outdoor recreational programs and the purchase of land. The reimbursement covers up to 50 percent of local government expenses.

The General Services Fund Group has also increased significantly in FY 2002. The fund group increased by 28.5 percent over actual FY 2001 appropriations. Appropriation item 725-625, CCC Operations, increased from $1,138,547 in FY 2001 to $7,885,349 in FY 2002 as a result of TANF Title XX funding.

The transferal of debt service items increased the GRF by approximately 17 percent in FY 2002 and 6 percent in FY 2003. The GRF minus the debt service items decreased by 0.7 percent in FY 2002 and increased by 3.7 percent in FY 2003. Appropriation item 725-903, Natural Resources General Obligation Debt Service, is used to pay debt service on bonds issued to finance capital improvements for things such as land management, state and local parks, and soil and water restoration and protection. Appropriation item 725-904, Conservation General Obligation Debt Service, financed the department's share of costs related to the statewide Conservation and Revitalization Program. This appropriation item was zeroed out as a result of Am. Sub. H.B. 3. It was transferred to the Ohio Public Works Commission.

BUDGET ISSUES

CIVILIAN CONSERVATION CORPS

The mission of the Civilian Conservation Corps (CCC) is to provide young adults the challenge of learning opportunities, teamwork, and the development of a positive work ethic while accomplishing meaningful conservation/recreation projects to benefit the State of Ohio. Some of their projects include construction of boardwalks, hiking and biking trails, and recreational facilities, and assistance to areas damaged by floods and other natural disasters. Under the executive proposal, the CCC would have been abolished at the end of FY 2002. Many changes were made regarding the CCC throughout the various stages of the budget process. The Conference Committee version of the budget used TANF Block Grant funds from the Department of Jobs and Family Services for the CCC for FYs 2002 and 2003. These Block Grant funds were transferred to Fund 162, CCC Operation, within the General Services Fund Group. Appropriations from the Block Grant were $7,885,349 for FY 2002 and $8,058,715 for FY 2003. Consequently, appropriation item 743-321, Division of Civilian Conservation Corps, was zeroed out. The use of Block Grant Funds was vetoed for FY 2003. As a result, the Department of Natural Resources is currently working with the Department of Job and Family Services in order to secure funding for a program with requirements that can be met by the CCC. The department hopes to secure the funds before the end of FY 2002 in order to save on unemployment costs.

SOIL AND WATER DISTRICTS

GRF appropriation item 725-502, Soil and Water Districts, is used to distribute money to each of the state's 88 soil and water conservation districts. The soil and water conservation districts work to enhance the quality of Ohio's land and water resources by providing technical, educational, and financial assistance to Ohio citizens. In addition to state payments to soil and water conservation districts, DNR may also grant up to $30,000 annually from appropriation item 725-502 upon receipt of a request and justification from the district and approval by the Ohio Soil and Water Conservation Commission. The county auditor must credit the payments to the special fund established for the local soil and water conservation districts. Moneys received by each district must be expended for the purposes of the district.

This appropriation item received a 3.0 percent increase in FY 2002 and a 4.1 percent increase in 2003. However, the appropriation item is subject to several earmarks. The earmarks are listed below:

- $150,000 in each fiscal year to the Muskingum Watershed Conservancy District
- $50,000 in each fiscal year to the Livestock Assurance Program
- $136,000 in FY 2002 for Indian Lake
- $56,000 in each fiscal year for the Conservation Action Program
- $48,000 in FY 2002 for the Millcreek Valley Conservation District
- $40,000 in each fiscal year for Wills Creek Reservoir
- $120,000 in FY 2002 for the relocation of Route 30
- $250,000 in FY 2002 for the Upper Hocking and Rush Creek Flood Control Project
- $100,000 in each fiscal year for the Rush Creek Conservancy District
- $150,000 in each fiscal year for the Loramie Lake Project

These earmarks total $1.1 million in FY 2002 and $546,000 in FY 2003. All of these earmarks reduce the amount of subsidy available for the state's match formula to all the soil and water conservation districts. For instance, in FY 2002 the match is decreased from 98.7 percent to 87.2 percent as a result of the earmarks. In FYs 2000 and 2001, the match was 100 percent. The districts, through local governments would need to come up with the difference in order to maintain operations at the same levels.

Scrap Tire Program

The Scrap Tire Grant Fund is created within the department to replace the Scrap Tire Loans and Grants Fund, which was under the Department of Development. The fund will receive proceeds from scrap tire facility license fees and will be used to support market development activities for recycled scrap tires. Minimum evaluation criteria were also established. The criteria are: 1) the degree to which a proposed project contributes to the increased use of scrap tires generated in this state; 2) the degree of local financial support for a proposed project; and 3) the technical merit and quality of a proposed project. In each fiscal year, $1,000,000 is appropriated for this fund.

Motor Vehicle Fuel Tax

DNR's share of the motor vehicle fuel tax revenue increased from 0.75 percent to 1.0 percent. One-half of the additional revenue will be allocated to the Waterways Safety Fund and the other half will be used for the Wildlife Boater Angler Fund. The Wildlife Boater Angler Fund may be used for boating access construction, improvements, and maintenance on lakes on which the operation of gasoline-powered watercraft is permissible. This increase should contribute an additional $3.5 million to the department.

WILDLIFE LICENSE REIMBURSEMENT

The act allows the transfer of funds from the GRF to the Wildlife Fund (Fund 015) as long as the transfer does not exceed the appropriations in GRF item 725-425, Wildlife License Reimbursement, which was allocated $985,000 in each fiscal year. This is a 3 percent increase from FY 2001 expenditures. Wildlife License Reimbursement must be used by the department to reimburse the Wildlife Fund for the cost of hunting and fishing licenses and permits issued after June 30, 1990, to individuals who are exempted under the Revised Code from hunting and fishing license, permit, and stamp fees. Persons who are exempt include senior citizens and veterans. License reimbursement from the GRF was prohibited in the executive proposal.

CLEAN OHIO (STATE ISSUE 1)

The Department of Natural Resources will be involved in the implementation of State Issue 1. Am. Sub. H.B. 3 created several new funds for the receipt of bond revenues to be used for various purposes. DNR is responsible for the administration of the Clean Ohio Trail Fund. The act has allocated $6,250,000 for appropriation item CAP-014, Clean Ohio Trail. This appropriation will be accounted for as if in Am. Sub. H.B. 640 of the 123rd General Assembly, the most recent capital appropriations act. The department will also receive $150,000 in FY 2002 and $155,000 in FY 2003 for appropriation item 725-405, Clean Ohio – Operating. Appropriations for GRF item 725-904, Conservation General Obligation Debt Service, were discontinued as a result of Am. Sub. H.B. 3. Conservation General Obligation Debt Service financed the department's share of costs related to the statewide Conservation and Revitalization Program. The appropriations were $1,595,000 for FY 2002 and $6,695,000 for FY 2003. Under Am. Sub. H.B. 3, grants for natural resources and parks and recreation projects will be disbursed from the Clean Ohio Conservation Fund by the Ohio Public Works Commission.

ADDITIONAL DEPARTMENTAL CUTS DUE TO THE BUDGET BILL

The following were cut as a result of the enacted budget bill:

- Division of the Chief Engineer (736-321) was reduced by 10.5 percent in FY 2002 from FY 2001 actual expenditures.
- Real Estate and Land Management (738-321) was reduced by 9 percent in FY 2002 from FY 2001 actual expenditures.
- Division of Mineral Resources Management (744-321) was reduced by 2 percent in FY 2002 from FY 2001 actual expenditures.
- Parks Facilities Maintenance (725-635) was reduced by 13 percent in FY 2002 from FY 2001 actual expenditures.
- Wildlife – GRF Central Support (725-401) was reduced by 19 percent in FY 2002 from FY 2001 actual expenditures.

The department has responded to the budget cuts in various ways depending on the program's dependence on GRF funding, budget cuts, and operations. In some instances, job abolishment may occur. The department implemented an early retirement incentive plan in order to reduce the need for job abolishment. In some instances, vacant positions have been frozen, equipment purchases have been reduced, facility maintenance activities have been deferred, and seasonal employees (including naturalists) have been cut. The department is taking action to minimize the impact of the budget cuts. The department has indicated that in some cases it will not be able to provide the same level of services that were provided last year.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

DNR *Natural Resources, Department of*

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	725-401	Wildlife-GRF Central Support	$ 1,111,636	$ 1,221,229	$912,168	$ 738,750	-19.01%	$ 738,750	0.00%
GRF	725-404	Fountain Square Rental Payments - OB	$ 784,437	$ 1,075,013	$1,081,012	$ 1,092,400	1.05%	$ 1,089,100	-0.30%
GRF	725-407	Conservation Reserve Enhancement Pr	----	----	$1,864,683	$ 1,891,594	1.44%	$ 1,891,594	0.00%
GRF	725-408	Reclamation and Mining	$ 2,162,723	$ 2,364,190		$ 0	N/A	$ 0	N/A
GRF	725-412	Reclamation Commission	$ 60,983	$ 69,420	$65,396	$ 66,116	1.10%	$ 69,906	5.73%
GRF	725-413	OPFC Rental Payments	$ 15,066,700	$ 15,305,417	$11,843,863	$ 16,211,500	36.88%	$ 14,279,000	-11.92%
GRF	725-415	Mine Examining Board	$ 113,177	$ 83,425	$76,881	$ 0	-100.00%	$ 0	N/A
GRF	725-423	Stream & Groundwater Gauging	$ 396,855	$ 422,863	$452,984	$ 442,014	-2.42%	$ 471,041	6.57%
GRF	725-425	Wildlife License Reimbursement	$ 970,000	$ 1,000,000	$956,175	$ 985,000	3.01%	$ 985,000	0.00%
GRF	725-456	Canal Lands	$ 365,605	$ 414,783	$423,203	$ 391,844	-7.41%	$ 401,640	2.50%
GRF	725-502	Soil and Water Districts	$ 9,825,454	$ 16,414,494	$11,594,618	$ 11,944,565	3.02%	$ 12,431,806	4.08%
GRF	725-507	Conservation Reserve Enhancement Pr	----	$ 1,900,400		$ 0	N/A	$ 0	N/A
GRF	725-903	Natural Resources General Obligation	----	----		$ 19,001,100	N/A	$ 22,101,900	16.32%
GRF	727-321	Division of Forestry	$ 9,043,952	$ 10,122,007	$9,998,572	$ 10,056,035	0.57%	$ 10,725,020	6.65%
GRF	728-321	Division of Geological Survey	$ 1,964,987	$ 2,094,742	$2,240,598	$ 2,235,862	-0.21%	$ 2,396,479	7.18%
GRF	729-321	Office of Information Technology	$ 622,329	$ 473,764	$1,061,102	$ 1,056,866	-0.40%	$ 1,955,882	85.06%
GRF	730-321	Division of Parks and Recreation	$ 34,158,054	$ 35,002,965	$34,581,696	$ 35,116,769	1.55%	$ 37,402,796	6.51%
GRF	733-321	Division of Water	$ 3,523,537	$ 3,907,030	$3,982,139	$ 3,974,685	-0.19%	$ 4,171,062	4.94%
GRF	734-321	Division of Oil and Gas	$ 0	$ 724,323		$ 0	N/A	$ 0	N/A
GRF	736-321	Division of Chief Engineer	$ 3,319,624	$ 3,500,010	$4,083,585	$ 3,653,858	-10.52%	$ 3,859,985	5.64%
GRF	737-321	Division of Soil and Water	$ 3,790,859	$ 4,095,617	$4,637,170	$ 4,605,675	-0.68%	$ 4,806,548	4.36%
GRF	738-321	Real Estate and Land Management	$ 2,394,547	$ 2,869,753	$2,751,137	$ 2,502,446	-9.04%	$ 2,629,006	5.06%
GRF	741-321	Division of Natural Areas	$ 3,169,998	$ 3,489,894	$3,408,648	$ 3,387,836	-0.61%	$ 3,562,686	5.16%
GRF	743-321	Division of Civilian Conservation	$ 4,903,898	$ 5,070,251	$4,984,383	$ 0	-100.00%	$ 0	N/A
GRF	744-321	Division of Mineral Resources Manage	----	----	$3,969,635	$ 3,887,524	-2.07%	$ 4,100,439	5.48%
General Revenue Fund Total			**$ 97,749,355**	**$ 111,621,590**	**$ 104,969,647**	**$ 123,242,439**	**17.41%**	**$ 130,069,640**	**5.54%**
155	725-601	Departmental Projects	$ 582,351	$ 1,126,885	$1,777,192	$ 2,216,594	24.72%	$ 1,913,242	-13.69%
158	725-604	Natural Resources Publication Center I	$ 57,107	$ 61,801	$82,195	$ 94,198	14.60%	$ 94,595	0.42%
5K0	725-611	Drought Assistance	----	$ 4,583,842		$ 0	N/A	$ 0	N/A

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DNR	***Natural Resources, Department of***								
4D5	725-618	Recycled Materials	$ 12,393	$ 42,947	$41,228	$ 50,000	21.28%	$ 50,000	0.00%
516	725-620	Water Management	$ 2,607,356	$ 1,467,229	$2,167,237	$ 2,459,256	13.47%	$ 2,522,146	2.56%
4S9	725-622	NatureWorks Personnel	$ 687,855	$ 649,727	$680,235	$ 759,143	11.60%	$ 832,528	9.67%
519	725-623	Burr Oak Water Plant	$ 888,619	$ 1,271,728	$2,525,104	$ 0	-100.00%	$ 0	N/A
162	725-625	CCC Operations	$ 1,702,742	$ 1,452,910	$1,138,547	$ 7,885,349	592.58%	$ 0	-100.00%
510	725-631	Maintenance - State-owned Residences	$ 171,477	$ 170,333	$186,702	$ 224,926	20.47%	$ 229,710	2.13%
161	725-635	Parks Facilities Maintenance	$ 2,476,090	$ 2,262,511	$3,439,610	$ 2,993,169	-12.98%	$ 3,063,124	2.34%
157	725-651	Central Support Indirect	$ 6,119,227	$ 6,677,758	$7,039,241	$ 8,009,551	13.78%	$ 8,423,094	5.16%
160	725-652	Public Education and Information	$ 3,916	$ 0		$ 0	N/A	$ 0	N/A
4X8	725-662	Water Planning Council	$ 187,993	$ 53,418	$34,996	$ 275,633	687.61%	$ 282,524	2.50%
5F9	725-663	Flood Reimbursement	$ 412,146	$ 531,311	$356,840	$ 0	-100.00%	$ 0	N/A
635	725-664	Fountain Square Facilities Management	$ 2,265,290	$ 2,497,117	$2,473,381	$ 2,755,109	11.39%	$ 2,821,999	2.43%
697	725-670	Submerged Lands	$ 457,160	$ 502,770	$534,761	$ 589,315	10.20%	$ 615,000	4.36%
430	725-671	Canal Lands	$ 864,704	$ 964,993	$1,051,215	$ 1,215,441	15.62%	$ 1,259,511	3.63%
507	725-681	Departmental Services-Interstate	$ 312,179	$ 15,845		$ 0	N/A	$ 0	N/A
508	725-684	DNR Publication Center	$ 307,316	$ 174,952	$194,584	$ 239,538	23.10%	$ 245,808	2.62%
204	725-687	Information Services	$ 1,765,460	$ 1,600,921	$1,798,839	$ 3,010,774	67.37%	$ 3,971,856	31.92%
206	725-689	REALM Support Services	$ 410,718	$ 423,473	$369,678	$ 475,000	28.49%	$ 475,000	0.00%
207	725-690	Real Estate	$ 36,634	$ 40,369	$33,820	$ 50,000	47.84%	$ 54,000	8.00%
General Services Fund Group Total			**$ 22,328,733**	**$ 26,572,840**	**$ 25,925,406**	**$ 33,302,996**	**28.46%**	**$ 26,854,137**	**-19.36%**
328	725-603	Forestry Federal	$ 1,269,306	$ 1,075,817	$1,380,456	$ 1,200,000	-13.07%	$ 1,200,000	0.00%
3P0	725-630	Natural Areas and Preserves- Federal	$ 168,524	$ 206,176	$290,645	$ 230,000	-20.87%	$ 230,000	0.00%
3P1	725-632	Geological Survey-Federal	$ 765,199	$ 379,438	$342,739	$ 381,910	11.43%	$ 366,303	-4.09%
3B3	725-640	Federal Forest Pass-Thru	$ 30,743	$ 40,821	$21,259	$ 55,000	158.71%	$ 55,000	0.00%
3B4	725-641	Federal Flood Pass-Thru	$ 160,157	$ 137,359	$158,252	$ 190,000	20.06%	$ 190,000	0.00%
3P2	725-642	Oil and Gas-Federal	$ 255,118	$ 203,867	$129,886	$ 189,701	46.05%	$ 190,289	0.31%
3B5	725-645	Federal Abandoned Mine Lands	$ 7,894,017	$ 7,024,895	$6,211,191	$ 9,908,408	59.53%	$ 10,125,056	2.19%
3P3	725-650	Real Estate & Land Management - Fed	$ 850,339	$ 1,379,757	$1,165,422	$ 2,980,975	155.79%	$ 3,184,300	6.82%
3B6	725-653	Federal Land and Water Conservation	$ 192,112	$ 49,299	$94	$ 3,559,697	3,798,936.29%	$ 3,689,697	3.65%
3B7	725-654	Reclamation - Regulatory	$ 1,309,758	$ 1,656,258	$1,501,635	$ 1,788,579	19.11%	$ 1,799,459	0.61%
3P4	725-660	Water-Federal	$ 166,886	$ 134,998	$161,979	$ 180,000	11.13%	$ 180,000	0.00%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DNR	***Natural Resources, Department of***								
332	725-669	Federal Mine Safety Grant	$ 96,570	$ 57,965	$171,773	$ 136,423	-20.58%	$ 141,880	4.00%
3R4	725-672	Recycling	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3R5	725-673	Acid Mine Drainage Abatement/Treatm	$ 120,523	$ 504,421	$184,354	$ 600,000	225.46%	$ 613,200	2.20%
Federal Special Revenue Fund Group Total			**$ 13,279,252**	**$ 12,851,071**	**$ 11,719,686**	**$ 21,400,693**	**82.60%**	**$ 21,965,184**	**2.64%**
509	725-602	State Forest	$ 1,541,965	$ 1,555,107	$1,715,263	$ 1,489,013	-13.19%	$ 1,536,595	3.20%
512	725-605	State Parks Operations	$ 22,640,011	$ 27,941,739	$26,680,070	$ 28,844,322	8.11%	$ 29,915,146	3.71%
514	725-606	Lake Erie Shoreline	$ 532,721	$ 670,668	$784,173	$ 1,171,052	49.34%	$ 1,446,305	23.50%
525	725-608	Reclamation Forfeiture	$ 189,266	$ 222,446		$ 0	N/A	$ 0	N/A
526	725-610	Strip Mining Administrative Fee	$ 1,562,859	$ 1,619,750	$1,689,877	$ 1,480,566	-12.39%	$ 1,449,459	-2.10%
517	725-615	Oil and Gas Well Plugging	$ 803,699	$ 0		$ 0	N/A	$ 0	N/A
4B8	725-617	Forestry Development	$ 21,313	$ 3,915		$ 0	N/A	$ 0	N/A
521	725-627	Off-Road Vehicle Trails	$ 33,139	$ 56,477	$35,477	$ 66,213	86.64%	$ 68,490	3.44%
4J2	725-628	Injection Well Review	$ 49,301	$ 57,056	$43,760	$ 51,742	18.24%	$ 61,638	19.13%
4M7	725-631	Wildfire Suppression	$ 99,395	$ 134,910	$97,285	$ 150,310	54.50%	$ 150,000	-0.21%
527	725-637	Surface Mining Administration	$ 1,744,635	$ 1,586,841	$1,917,940	$ 2,963,272	54.50%	$ 3,093,938	4.41%
529	725-639	Unreclaimed Land Fund	$ 695,639	$ 1,354,930	$2,100,658	$ 1,964,744	-6.47%	$ 2,040,327	3.85%
518	725-643	Oil & Gas Permit Fees	$ 2,956,598	$ 2,838,257	$1,676,792	$ 1,821,252	8.62%	$ 1,821,325	0.00%
532	725-644	Litter Control and Recycling	$ 9,849,191	$ 10,516,486	$10,684,489	$ 13,137,680	22.96%	$ 13,311,365	1.32%
511	725-646	Ohio Geological Mapping	$ 746,570	$ 536,993	$619,286	$ 1,010,933	63.24%	$ 1,070,899	5.93%
530	725-647	Surface Mining Reclamation	$ 64,206	$ 22,288		$ 0	N/A	$ 0	N/A
531	725-648	Reclamation Supplemental Forfeiture	$ 1,616,678	$ 1,392,253	$581,181	$ 1,455,835	150.50%	$ 1,491,087	2.42%
522	725-656	Natural Areas Checkoff Funds	$ 393,862	$ 536,073	$742,323	$ 1,508,080	103.16%	$ 1,860,670	23.38%
609	725-658	Reclamation of Defaulted Areas	$ 115,402	$ 0		$ 0	N/A	$ 0	N/A
615	725-661	Dam Safety	$ 97,049	$ 89,273	$177,737	$ 244,442	37.53%	$ 259,758	6.27%
4U6	725-668	Scenic Rivers Protection	$ 84,134	$ 101,575	$96,492	$ 500,000	418.18%	$ 510,000	2.00%
5B3	725-674	Mining Regulation	$ 37,649	$ 882	$58	$ 35,000	59,800.74%	$ 35,000	0.00%
518	725-677	Oil & Gas Well Plugging	----	$ 597,599	$753,723	$ 800,000	6.14%	$ 800,000	0.00%
State Special Revenue Fund Group Total			**$ 45,875,282**	**$ 51,835,518**	**$ 50,396,585**	**$ 58,694,456**	**16.47%**	**$ 60,922,002**	**3.80%**
058	725-405	Clean Ohio Trail Fund	----	----		$ 150,000	N/A	$ 155,000	3.33%
Debt Service Fund Group Total			**----**	**----**	**----**	**$ 150,000**	**N/A**	**$ 155,000**	**3.33%**

Line Item Detail by Agency

DNR Natural Resources, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
086	725-414	Waterways Improvement	$ 2,945,710	$ 3,036,421	$3,267,556	$ 3,301,688	1.04%	$ 3,472,497	5.17%
086	725-416	Natural Areas Marine Patrol	$ 2,994	$ 7,481	$23,187	$ 25,000	7.82%	$ 0	-100.00%
086	725-417	Parks Marine Patrol	$ 10,609	$ 31,840	$33,276	$ 25,000	-24.87%	$ 0	-100.00%
086	725-418	Buoy Placement	$ 28,072	$ 37,514	$14,237	$ 41,153	189.06%	$ 42,182	2.50%
086	725-501	Waterway Safety Grants	$ 4,556	$ 127,203	$72,164	$ 134,504	86.39%	$ 137,867	2.50%
086	725-506	Watercraft Marine Patrol	$ 350,000	$ 500,000	$523,250	$ 562,100	7.42%	$ 576,153	2.50%
086	725-513	Watercraft Educational Grants	$ 125,000	$ 362,000	$300,000	$ 357,700	19.23%	$ 366,643	2.50%
880	725-614	Cooperative Boat Harbor Project	$ 35,671	$ 3,196	$52,790	$ 0	-100.00%	$ 0	N/A
881	725-621	Education and Enforcement	$ 191,238	$ 0		$ 0	N/A	$ 0	N/A
086	739-321	Division of Watercraft	$ 8,941,276	$ 11,017,954	$13,850,570	$ 0	-100.00%	$ 0	N/A
086	739-401	Division of Watercraft	----	----		$ 16,579,526	N/A	$ 17,374,158	4.79%
Waterways Safety Fund Group Total			**$ 12,635,126**	**$ 15,123,609**	**$ 18,137,031**	**$ 21,026,671**	**15.93%**	**$ 21,969,500**	**4.48%**
4M8	725-675	FOP Contract	$ 10,020	$ 8,032	$17,504	$ 19,609	12.02%	$ 20,844	6.30%
Accrued Leave Liability Fund Group Total			**$ 10,020**	**$ 8,032**	**$ 17,504**	**$ 19,609**	**12.02%**	**$ 20,844**	**6.30%**
015	725-509	Fish/Wildlife Subsidy	$ 72,900	$ 0		$ 0	N/A	$ 0	N/A
81A	725-612	Wildlife Education	$ 976,056	$ 1,084,400	$1,248,593	$ 0	-100.00%	$ 0	N/A
818	725-629	Cooperative Fisheries Research	$ 980,664	$ 790,352	$896,964	$ 964,470	7.53%	$ 988,582	2.50%
815	725-636	Cooperative Management Projects	$ 115,818	$ 90,821	$82,852	$ 156,536	88.93%	$ 160,449	2.50%
816	725-649	Wetlands Habitat	$ 511,104	$ 523,896	$636,665	$ 943,303	48.16%	$ 966,885	2.50%
817	725-655	Wildlife Conservation Checkoff	$ 894,427	$ 953,091	$908,079	$ 1,435,567	58.09%	$ 1,472,755	2.59%
819	725-685	Ohio River Management	$ 17,328	$ 50,443	$25,116	$ 125,448	399.47%	$ 128,584	2.50%
015	740-321	Division of Wildlife Conservation	$ 41,148,712	$ 39,087,763	$36,724,549	$ 0	-100.00%	$ 0	N/A
015	740-401	Division of Wildlife Conservation	----	----		$ 46,177,752	N/A	$ 48,713,747	5.49%
Wildlife Fund Group Total			**$ 44,717,009**	**$ 42,580,766**	**$ 40,522,818**	**$ 49,803,076**	**22.90%**	**$ 52,431,002**	**5.28%**
R29	725-607	Reclamation Fee Refund	$ 111,563	$ 209,715		$ 0	N/A	$ 0	N/A
R40	725-609	Wildlife Refunds	$ 0	$ 0		$ 0	N/A	$ 0	N/A
R43	725-624	Forestry	$ 1,041,534	$ 1,381,669	$1,509,658	$ 1,750,000	15.92%	$ 1,750,000	0.00%
R30	725-638	Surface Mining Reclamation Fees	$ 2,090	$ 27		$ 0	N/A	$ 0	N/A
R17	725-659	Performance Cash Bond Refunds	$ 151,924	$ 128,461	$140,149	$ 251,500	79.45%	$ 252,000	0.20%
Holding Account Redistribution Fund Group Total			**$ 1,307,111**	**$ 1,719,872**	**$ 1,649,807**	**$ 2,001,500**	**21.32%**	**$ 2,002,000**	**0.02%**

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DNR Natural Resources, Department of							
Natural Resources, Department of Total	$ 237,901,888	$ 262,313,298	$ 253,338,483	$ 309,641,440	22.22%	$ 316,389,309	2.18%

- In total, the boards were appropriated over $28 million in each fiscal year of the biennium

Occupational Licensing Boards

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ROLE

There are currently 25 occupational licensing boards in the state of Ohio. These boards regulate various professions by setting standards for licensure or registration and enforcing these standards through examination, license renewal, inspection, investigation, and disciplinary action. For information about the role of each board, see the annual Ohio's Occupational Licensing and Regulatory Boards report issued by the Legislative Service Commission.

Agency in Brief

Name of Licensing Board	Number of Licensees	Number of Employees	Total Appropriations-All Funds		Appropriation Bill(s)
			FY 2002	FY 2003	
Accountancy Board of Ohio	32,346	11	$1.1 million	$1.1 million	Am. Sub. H.B. 94
Ambulance Licensing Board	136	2	$241,000	$251,000	Am. Sub. H.B. 94
Architects and Landscape Architects, State Board of Examiners of	7,665	4	$461,000	$485,000	Am. Sub. H.B. 94
Athletic Commission	387	1	$175,000	$179,000	Am. Sub. H.B. 94
Barber Examiners, Board of	12,641	7	$479,000	$506,000	Am. Sub. H.B. 94
Chiropractic Examiners, State Board of	2,060	7	$562,000	$592,000	Am. Sub. H.B. 94
Cosmetology, State Board of	110,425	35	$2.5 million	$2.7 million	Am. Sub. H.B. 94
Counselor and Social Worker Board	30,000	10	$908,000	$954,000	Am. Sub. H.B. 94
Dental Board, State	21,178	13	$1.3 million	$1.3 million	Am. Sub. H.B. 94
Dietetics, Ohio Board of	3,479	4	$301,000	$318,000	Am. Sub. H.B. 94
Embalmers and Funeral Directors, State Board of	7,462	7	$508,000	$534,000	Am. Sub. H.B. 94
Engineers and Surveyors, State Board of	34,922	7	$919,000	$956,000	Am. Sub. H.B. 94
Medical Board, State	49,290	78	$6.3 million	$6.7 million	Am. Sub. H.B. 94
Motor Vehicle Collision Repair Registration Board	1,505	3	$250,000	$263,000	Am. Sub. H.B. 94
Nursing, State Board of	176,459	56	$4.8 million	$5.2 million	Am. Sub. H.B. 94
Occupational Therapy, Physical Therapy and Athletic Trainer Board	15,180	9	$681,000	$703,000	Am. Sub. H.B. 94
Optical Dispensers Board, Ohio	4,630	3	$280,000	$295,000	Am. Sub. H.B. 94
Optometry, State Board of	3,882	3	$290,000	$306,000	Am. Sub. H.B. 94
Orthotics, Prosthetics, and Pedorthics, State Board of	NA – too new	1	$99,000	$101,000	Am. Sub. H.B. 94
Pharmacy, State Board of	26,902	48	$4.4 million	$4.8 million	Am. Sub. H.B. 94
Psychology, State Board of	3,747	6	$459,000	$486,000	Am. Sub. H.B. 94

Agency in Brief					
Name of Licensing Board	Number of Licensees	Number of Employees	Total Appropriations-All Funds		Appropriation Bill(s)
			FY 2002	FY 2003	
Respiratory Care Board	6,255	4	$287,000	$305,000	Am. Sub. H.B. 94
Sanitarian Registration, Board of	1,529	1	$110,000	$115,000	Am. Sub. H.B. 94
Speech-Language Pathology & Audiology, Board of	4,815	4	$353,000	$372,000	Am. Sub. H.B. 94
Veterinary Medical Board, State	4,645	5	$471,000	$497,000	Am. Sub. H.B. 94

OVERVIEW

The majority of Ohio's occupational licensing boards receive funding from the Occupational Licensing and Regulatory Fund, 4K9. Revenues received by Fund 4K9 originate from license fees and fines imposed by these boards. The majority of the boards have a single operating line item and receive no GRF moneys. To ensure self-sufficiency of the boards, appropriations will generally not exceed the amount of revenue raised by the individual board.

BOARD-SPECIFIC BUDGET ISSUES

ACCOUNTANCY BOARD

A change in law increases the ability of the board to fine from $1000 up to $5000. The new fine will allow the board to use it more often, as the board feels the old fine was not much of a deterrent.

Late fees are imposed in the bill as follows: (1) For applying for an initial Ohio permit or Ohio registration more than 60 days after issuance of the CPA certificate, not in excess of $100 per month up to a total of $1,200; (2) For failing (without just cause) to renew an Ohio permit or Ohio registration while not engaged in the practice of public accounting, not in excess of $50 per month up to a total of $300. The law is also changed so that a person who fails to apply for a permit or registration within one year of the expiration date on the Ohio permit or a CPA certificate holder who fails to apply within one year of receiving the CPA certificate will have their CPA registration or PA registration suspended. Current law requires three years rather than one.

AMBULANCE LICENSING BOARD

The Ambulance Licensing Board is responsible for the identification, inspection, and licensure of 136 private ambulance services and approximately 1,057 vehicles that are operated by those services. The board's funding request for the FY 2002 - FY 2003 biennial budget was approved as requested.

It is anticipated that if proposed legislation is passed that requires the licensing of ambulettes, both revenue and costs will be generated. A fee structure of not more than $100 per service and a fixed rate of $25 per ambulette would produce revenue to cover the costs of inspection and licensing of ambulettes.

The current staff of eight, plus one part-time deputy chief inspector, and 26 field inspectors who are paid on a per-call contract, will remain in place.

BOARD OF EXAMINERS OF ARCHITECTS AND BOARD OF EXAMINERS OF LANDSCAPE ARCHITECTS

The State Board of Examiners of Architects and the State Board of Examiners of Landscape Architects are two separate boards that operate under a combined budget and share staff and facilities. Each board meets independently. Both boards protect the public by licensing and regulating the professions of architecture and landscape architecture. The funding of the two boards was increased by 7.2 percent in FY 2002 and 5.0 percent in FY 2003. The increase in the maintenance budget is higher than expected, as the increase in rent at the Riffe Center will be higher than anticipated.

ATHLETIC COMMISSION

The purpose of the Athletic Commission, which replaced the State Boxing Commission, is to regulate boxing, wrestling, kickboxing, karate, and tough man contests in the state in an effort to protect the safety of the participants and the interests of the public. In FY 2000, the Athletic Commission had a deficit of $121,821 in the 4K9 Fund. The Governor's budget recommended that this agency be transferred back to the General Revenue Fund. However, the General Assembly left the Athletic Commission in Fund 4K9.

Effective March 22, 2001, the Athletic Commission began administering H.B. 107 of the 123rd General Assembly. This bill requires the commission to license and regulate athlete agents. The budget created the Athlete Agents Registration Fund in which registration and renewal fees will be deposited. However, the budget does not include any appropriation authority for the commission to spend from this fund. The commission would have to seek appropriations in another bill or obtain Controlling Board approval for spending authorization this biennium.

BOARD OF BARBER EXAMINERS

The Ohio State Barber Board was established in 1934 to ensure that the public was protected from communicable diseases. The board licenses barbers, regulates barber schools and barber shops, inspects schools and shops, sets standards for licensure, and enforces those standards through examinations, investigations, and disciplinary actions.

The current license fee structure, in accordance with Ohio Revised Code section 4709.12, remains in place for the board.

STATE BOARD OF CHIROPRACTIC EXAMINERS

The board is responsible for the examination and licensure of chiropractors and the enforcement of the provisions of Chapter 4734. of the Ohio Revised Code. During this biennium, the board will be responsible for implementing the comprehensive changes contained in H.B. 506 of the 123rd General Assembly.

STATE BOARD OF COSMETOLOGY

The State Board of Cosmetology establishes and maintains sanitary and professional standards in the beauty salon industry. In FY 2000, the board issued over 110,000 licenses of various types, including cosmetologist, manicurist, esthetician, beauty salon, nail salon, esthetic salon, tanning facility, and cosmetology school.

Pursuant to the amending of section 4713.10 of the Ohio Revised Code, the board will realize an increase in fee receipts from $14 to $21 per applicant for the retaking of the examination for a license to practice cosmetology or any of its branches. The increased re-take fee will supply revenue to offset the costs the board incurs that are associated with computer-based national written exams.

Counselor and Social Worker Board

In accordance with Chapter 4757. of the Ohio Revised Code, the Counselor and Social Worker Board (CSW) regulates the professions of counseling and social work by establishing licensure and practice standards for the professional practice of counseling and social work. The board examines academic standards, evaluates supervised training experiences, and administers examinations.

The board currently has over 30,000 licenses on file and has over 5,000 individuals registered as counselor trainees who are working towards licensure as professional counselors or clinical counselors.

State Dental Board

Under Chapter 4715 of the Ohio Revised Code, the Dental Board will implement the following components into their operation with funding in the FY 2002 - FY 2003 biennial budget.

1. Pursuant to the enactment of section 4715.031, the dental board shall initiate and implement a quality intervention program (QUIP). The QUIP program is patterned after an effective model used by the Ohio Medical Board. The program will include a panel of four professionals and one public citizen, and will hold six meetings per year to investigate the 200-300 annual complaints involving marginal or careless standards of care (minor violations) so as to avoid a more costly administrative hearing process, which can total thousands of dollars per day. QUIP will fulfill part of the board's enforcement responsibility and allow board resources to be applied to the more egregious cases. In the fulfillment of its duties, QUIP will provide early intervention to problems, prescribe remedial education (at the licensee's expense) to address licensee shortcomings, monitor licensees in the remediation process, review case and complaint records, and provide follow-up review of each case and complaint. The board is budgeted for $50,800 in FY 2002 and $47,910 in FY 2003 to establish and administer this program. This amount of funding would cover the costs of the expert panels, one full-time support staff, and equipment necessary to begin implementation of this program.

2. Pursuant to sections 4715.13, 4715.14, and 4715.16 of the Ohio Revised Code, the board will realize increases of 35 percent for most types of their license fees.

3. Fill one vacant enforcement position to expand the board's presence in infection control. Funding for one position is budgeted at $41,450 for FY 2002 and $42,730 for FY 2003.

4. Purchase six laptop computers based upon the recommendation of the Inspector General's office. The laptops will enable investigators to more thoroughly complete reports of their investigations and raise the degree of accountability of the investigations. Cost of six laptops is budgeted at $15,000 in FY 2002.

5. Publish one additional newsletter per year (to total two newsletters per year) as part of the Dental Board's effort to increase its presence to its regulated professionals, share the board's position on issues, and inform its licensees about professional activities. The board's biennial budget is increased by $10,000 in FY 2002 and by $10,000 in FY 2003 to cover the cost of the additional newsletter each year.

OHIO BOARD OF DIETETICS

The Ohio Board of Dietetics issues two types of licenses: dietitian and limited permit dietitian. The board renews its licenses annually. The board reports an average of 100 to 120 new disciplinary cases per year. The board believes that the practice of dietitians is being affected by managed health care and the associated pressures.

The budget includes a rent adjustment for higher rent in the Riffe Center. It also includes $2000 for training in FY 2002, $4500 for the re-printing of laws and rules in FY 2003, and $2000 for a new computer in FY 2003. The recommendation reduces the amount for payroll in FY 2003. However, through payroll projections, the Office of Budget and Management is confident that the board will be able to meet its payroll obligations.

STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS

Currently, licensees of the Board of Embalmers and Funeral Directors renew licenses on an annual basis. The budget bill changed this and requires licensees to renew on a biennial basis, starting in the year 2003. The board believes that at the recommended funding levels, it will not be able to do the work necessary to renew licenses annually. Each renewal period involves substantial postage and printing costs. A biennial renewal would reduce these costs by requiring such expenditures once every two years instead of once every year.

Currently, the board must ensure that its members meet the continuing education requirements. A change in the act would allow the board to contract with a professional organization, association or other third parties for assistance in performing these continuing education duties. These third parties would be allowed to charge reasonable fees to the licensees and/or sponsors in order to provide the board this assistance. The board believes it cannot continue to provide this function at its current level of funding, which does not allow for the hiring of a new person. This change would allow the board to out-source this work to another organization, thereby removing the need for a new employee.

STATE BOARD OF ENGINEERS AND SURVEYORS

Pursuant to Chapter 4733 of the Ohio Revised Code, the State Board of Engineers and Surveyors regulates the professions of engineering and surveying to protect the health, safety, and welfare of the public by ensuring that only properly qualified individuals and businesses become registered, and that the services provided by these licensees are consistent with established standards and codes of ethics.

The board oversees the licensure of over 34,000 professionals and firms, over 90 percent of which are professional engineers. The board renews all licenses on an annual basis. The board reports that its licensing fees are the lowest in the country. Revenues and expenditures for FY 2000 are $951,154 and $795,261 respectively. For the last renewal cycle, the board had a net gain of $155,893.

STATE MEDICAL BOARD

The State Medical Board is one of the few occupational licensing boards that is not a part of Fund 4K9. In the operating budget for the 122nd General Assembly, the Medical Board was placed into its own fund, Fund 5C6. Am. Sub. H.B. 94 of the 124th G.A. amended the Medical Practice Law to require an individual applying for a certificate to practice podiatry to present to the board proof of completion of one year of postgraduate training in a podiatric internship, residency, or clinical fellowship program. Additionally, individuals seeking to pursue an internship, residency, or clinical fellowship program in podiatric medicine must apply to the board for a $75 training certificate. This change will lead to an undetermined increase in revenue for the board.

MOTOR VEHICLE COLLISION REPAIR REGISTRATION BOARD

The Ohio Motor Vehicle Collision Repair Registration Board (CRB) licenses all motor vehicle collision repair operators/service providers who perform five or more collision repairs in a twelve-month period. The board completed its first full year of operation in 2000 and continues to fulfill its mission to protect the public and create a level playing field for all collision repair facilities by ensuring that all facilities are in compliance with state and federal taxation, employment, and environmental laws.

Pursuant to the amending of section 4775.08 of the Ohio Revised Code, the board will require an increase in the fee for the initial and renewal registrations of each provider business location (from $100 to $150). Section 4775.99 of the Ohio Revised Code allows the board to impose penalties and fines, including an administrative fine, on violators of the registration requirement.

STATE BOARD OF NURSING

The State Board of Nursing regulates the practice of nursing and dialysis technicians in the state. Various changes to permanent law, discussed below, will increase revenues and activities for the board.

Prior to the budget act, the license renewal fee charged by the board was $35 for a two-year license. The budget act increases this fee by $10, to $45, for all licenses that expire on or after September 1, 2003. The biennial revenue gain as a result of this increase is estimated at $1.7 million.

The budget act establishes two new Nursing Board fees. The first fee is a $25 charge for processing checks that are returned to the board for nonpayment. The second new fee is $100 for reinstatement of a lapsed dialysis technician certificate. This charge currently exists for lapsed nursing licenses. The act simply extends the fee to cover dialysis technician licenses. The board estimates that additional revenue gained as a result of the new fees will be $4,200 for the bad checks fee and $135,000 for the dialysis technician reinstatement fee.

The budget act amended the Nursing Practice Law and appropriated $5,000 per fiscal year to allow the Nursing Board to develop and maintain a program that addresses patient safety and health care issues related to the supply of and demand for nurses and other health care workers. The Nursing Special Issues Fund (Fund 5P8) was established and the board is allowed to solicit and accept grants and services to further this program.

Occupational Therapy, Physical Therapy and Athletic Trainers Board

In 1976, the 111th General Assembly established the Occupational Therapists Board. Chapter 4755. of the Ohio Revised Code was amended in 1977 to include the regulation of physical therapists, who until then had been regulated by the State Medical Board. Athletic trainers were added to the board's scope with the enactment of S.B. 80 in 1990. The budget act appropriated $681,020 in FY 2002 and $703,201 in FY 2003 to the board. The budget act includes funding for a salary increase in the amount of $3,121 over the biennium. The recommendation also funds a supplemental request for $10,000 so that the board may purchase a new computer, new printer, and new software.

Ohio Optical Dispensers Board

The Ohio Optical Dispensers Board maintains standards in the industry by examining applicants for licensure and issuing spectacle, contact lens, and oculist licenses. The board also is responsible for establishing continuing education requirements and investigations of complaints with discipline as necessary. There are no permanent law provisions with fiscal effects on this board.

State Board of Optometry

The State Board of Optometry was established to regulate the practice of optometry in the State of Ohio. The board issues licenses to optometrists and conducts investigations for compliance with rules or regarding complaints received from the public. The board licenses approximately 2000 professionals, over 85 percent of these professionals also hold a secondary license (either therapeutic license or diagnostic license). The board lost around 400 to 450 licensees due to a change in law allowing out-of-state doctors to put their licenses on inactive status rather than renewing.

The budget act appropriates $289,600 in FY 2002 and $306,051 for FY 2003 for the board. The act includes full funding for the board's current level of personnel. The act includes a rent adjustment of $984 in FY 2002 and $722 in FY 2003. The recommendation also includes $400 in FY 2002 and $100 in FY 2003 for training. Travel expenses of $900 in FY 2002 and $1,300 in FY 2003 also are included.

State Board of Orthotics, Prosthetics, and Pedorthics

Substitute S.B. 238 of the 123rd General Assembly created the State Board of Orthotics, Prosthetics, and Pedorthics. The board will license persons who practice orthotics, prosthetics, or pedorthics. The board will consist of seven members serving three-year terms. The budget act appropriated to the board $98,622 in FY 2002 and $100,518 in FY 2003.

State Board of Pharmacy

The State Board of Pharmacy is responsible for administering and enforcing the Pharmacy Practice Act and Dangerous Drug Distribution Act (Chapter 4729. of the Revised Code), the Controlled Substances Act (Chapter 3719. of the Revised Code), the Pure Food and Drug Act (Chapter 3715. of the Revised Code), and the Criminal Drug Law (Chapter 2925. of the Revised Code). A nine-member panel composed of eight pharmacists and one person representing the public who is at least 60 years old oversees the board's operations. Each member may be re-appointed one time at the Governor's discretion. In addition to the nine-member panel, the board employs a staff of 46 full-time equivalents (FTEs) that perform licensure and enforcement activities. Of the 46 FTEs, 23 (8 pharmacists and 15 former law enforcement officers) are investigative field agents.

The board's core activities center on the licensing of all persons who distribute dangerous drugs and sites where dangerous drugs are stored, and the enforcement of certain drug laws. The licensure activities of the board include the testing and certification of pharmacists and pharmacy interns entering the profession in Ohio, as well as renewing the licenses of practicing pharmacists annually. The board is also the only state agency that has statewide jurisdiction to enforce the criminal drug law, and as a result, is sometimes responsible for the criminal investigation of doctors, nurses, dentists, veterinarians, or other individuals.

The board's budget contains three notable aspects. First, the board does not receive any GRF money and has not received any GRF money since the end of FY 1993. Prior to that time, the fees collected by the board were deposited to the GRF and its operations were supported largely by appropriations drawn from the GRF. Since the start of FY 1994, the board's fees have been deposited to, and its operations supported by, the multi-agency Occupational Licensing and Regulatory Fund (Fund 4K9).

Second, the enacted budget contains increases in the board's non-GRF funding to cover the salary and fringe benefit costs of their 46 existing staff and to phase-in the hiring of two new field staff.

Third, the board requested that its primary financing source be removed from the multi-agency Occupational Licensing and Regulatory Fund (Fund 4K9) and placed in a new fund that it would control: the Pharmacy Board Operating Fund (Fund 5N2). The rationale behind this requested change was that the board generates more annually in revenue than it spends, and wanted more flexibility to manage its own financial matters than was permissible as long as it resided in Fund 4K9. The enacted budget does not include the provision that would have removed the board from Fund 4K9. Thus, the board will remain in Fund 4K9 for the FY 2002-2003 biennium.

STATE BOARD OF PSYCHOLOGY

The State Board of Psychology oversees the licensure and regulation of the professions of psychology and school psychology. In FY 2000 the board licensed 3,398 psychologists and 349 school psychologists. These figures represent a decrease of 5.6 percent over FY1999 figures. In the opinion of the board, these changes were a result of an increase of fees so that many persons out-of-state decided the fees were too high to pay. The board also has stated that because fewer persons are sitting for the examination than in the past, it may be indicative that the field of psychology is not as popular as it used to be. The board renews its licenses on a biennial cycle. Revenues and expenditures from the FY1999/2000 renewal cycle were $794,919 and $862,950 respectively. The board's net loss at the end of this time period was $68,031. The budget act will allow the board to meet its payroll needs for the next biennium. It also includes a rent increase of $1,576 in FY 2002 and $1,157 in FY 2003 for rent in the Riffe Center and funding for two new computers.

RESPIRATORY CARE BOARD

In accordance with Chapter 4761. of the Ohio Revised Code, the Ohio Respiratory Care Board regulates the practice of respiratory care by licensing properly qualified individuals, enforcing the laws and rules that govern the respiratory care practice, establishing educational standards for respiratory care education programs, monitoring continuing education compliance of its licensees, and investigating complaints about its licensees. No changes in the board's budget or fee structure have been enacted in the FY 2002 - FY 2003 biennial budget.

BOARD OF SANITARIAN REGISTRATION

A number of fee increases will result from the budget act. Sanitarians will be required to pay additional application and renewal fees. The revenue generated will allow the board to continue to fund at the Core Budget Level. If the number of applications and renewals remains at FY 2000 levels, the fee increases will generate $4,489 annually.

BOARD OF SPEECH-LANGUAGE PATHOLOGY AND AUDIOLOGY

Pursuant to the enactment of Am. Sub. S.B. 96 of the 122nd General Assembly, the board expects some changes in its operation during the FY 2002 - FY 2003 biennium. This bill calls for the licensing of teachers who practice speech-language pathology beginning in January 2002. Currently, members of this group need only an educator license from the State Board of Education, but S.B. 96 requires these people to have licenses from both the State Board of Education and the Speech-Language Pathology and Audiology Board. It is estimated that slightly fewer than 500 licenses of this type may be added.

STATE VETERINARY MEDICAL BOARD

The State Veterinary Medical Board licenses biennially. For veterinarians, licenses are renewed in odd-numbered years. In FY 2000, there were 3,276 licensed veterinarians. Registered veterinary technicians are licensed during even-numbered years. In FY 2000, there were 1,329 licensed veterinary technicians. Also, the board registers veterinarians specializing in a specific area as veterinary specialists. Currently, the board has 40 individuals with a specialty. The executive proposal requested a fee increase, from $155 to $200, for the renewal of veterinary licenses. However, this fee increase was not enacted by the General Assembly.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill *Version:* Enacted

ACC Accountancy Board of Ohio

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
4J8	889-601	CPA Education Assistance	$ 166,400	$ 13,500	$104,938	$ 204,400	94.78%	$ 209,510	2.50%
4K9	889-609	Operating Expenses	$ 643,130	$ 749,167	$812,167	$ 870,318	7.16%	$ 917,458	5.42%
General Services Fund Group Total			**$ 809,530**	**$ 762,667**	**$ 917,105**	**$ 1,074,718**	**17.19%**	**$ 1,126,968**	**4.86%**
Accountancy Board of Ohio Total			***$ 809,530***	***$ 762,667***	***$ 917,105***	***$ 1,074,718***	***17.19%***	***$ 1,126,968***	***4.86%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
AMB Ambulance Licensing Board							
4N1 915-601 Operating Expenses	$ 191,300	$ 215,895	$222,488	$ 240,894	8.27%	$ 251,255	4.30%
General Services Fund Group Total	**$ 191,300**	**$ 215,895**	**$ 222,488**	**$ 240,894**	**8.27%**	**$ 251,255**	**4.30%**
Ambulance Licensing Board Total	***$ 191,300***	***$ 215,895***	***$ 222,488***	***$ 240,894***	***8.27%***	***$ 251,255***	***4.30%***

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
ARC Architects, State Board of Examiners of							
4K9 891-602 Testing Fees-ARC	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4K9 891-609 Operating Expenses	$ 375,879	$ 410,505	$398,937	$ 461,465	15.67%	$ 484,574	5.01%
General Services Fund Group Total	**$ 375,879**	**$ 410,505**	**$ 398,937**	**$ 461,465**	**15.67%**	**$ 484,574**	**5.01%**
Architects, State Board of Examiners of Total	***$ 375,879***	***$ 410,505***	***$ 398,937***	***$ 461,465***	***15.67%***	***$ 484,574***	***5.01%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	***Version:*** **Enacted**						
ATH Ohio Athletic Commission							
GRF 175-321 Operating Expenses	$ 0	$ 0		$ 0	N/A	$ 0	N/A
General Revenue Fund Total	**$ 0**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
4T9 175-601 Inspectors' Salaries	$ 0	----		----	N/A	----	N/A
5R1 175-602 Athlete Agents Registration	----	----		$ 35,000	N/A	$ 35,000	0.00%
4K9 175-609 Athletic Commission-Operating	$ 130,616	$ 128,011	$134,218	$ 140,088	4.37%	$ 144,343	3.04%
General Services Fund Group Total	**$ 130,616**	**$ 128,011**	**$ 134,218**	**$ 175,088**	**30.45%**	**$ 179,343**	**2.43%**
Ohio Athletic Commission Total	***$ 130,616***	***$ 128,011***	***$ 134,218***	***$ 175,088***	***30.45%***	***$ 179,343***	***2.43%***

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill			*Version:* Enacted						
BRB Barber Examiners, Board of									
4K9	877-609	Operating Expenses	$ 427,618	$ 430,340	$384,892	$ 479,264	24.52%	$ 505,999	5.58%
General Services Fund Group Total			**$ 427,618**	**$ 430,340**	**$ 384,892**	**$ 479,264**	**24.52%**	**$ 505,999**	**5.58%**
Barber Examiners, Board of Total			***$ 427,618***	***$ 430,340***	***$ 384,892***	***$ 479,264***	***24.52%***	***$ 505,999***	***5.58%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**							
CHR Chiropractic Examiners, State Board of							
4K9 878-609 Operating Expenses	$ 464,123	$ 527,056	$489,885	$ 561,949	14.71%	$ 591,724	5.30%
General Services Fund Group Total	**$ 464,123**	**$ 527,056**	**$ 489,885**	**$ 561,949**	**14.71%**	**$ 591,724**	**5.30%**
Chiropractic Examiners, State Board of Total	***$ 464,123***	***$ 527,056***	***$ 489,885***	***$ 561,949***	***14.71%***	***$ 591,724***	***5.30%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
COS Cosmetology, State Board of							
4D3 879-601 Cosmetology Adjudication	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4K9 879-609 Operating Expenses	$ 2,104,888	$ 2,129,060	$2,270,338	$ 2,528,489	11.37%	$ 2,728,359	7.90%
General Services Fund Group Total	**$ 2,104,888**	**$ 2,129,060**	**$ 2,270,338**	**$ 2,528,489**	**11.37%**	**$ 2,728,359**	**7.90%**
Cosmetology, State Board of Total	***$ 2,104,888***	***$ 2,129,060***	***$ 2,270,338***	***$ 2,528,489***	***11.37%***	***$ 2,728,359***	***7.90%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
CSW Counselor and Social Worker Board							
4K9 899-601 Testing Fees	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4K9 899-609 Operating Expenses	$ 722,395	$ 812,246	$769,220	$ 907,772	18.01%	$ 953,563	5.04%
General Services Fund Group Total	**$ 722,395**	**$ 812,246**	**$ 769,220**	**$ 907,772**	**18.01%**	**$ 953,563**	**5.04%**
Counselor and Social Worker Board Total	***$ 722,395***	***$ 812,246***	***$ 769,220***	***$ 907,772***	***18.01%***	***$ 953,563***	***5.04%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
DEN Dental Board, Ohio State							
4K9 880-609 Operating Expenses	$ 998,345	$ 927,576	$1,069,544	$ 1,250,703	16.94%	$ 1,281,056	2.43%
General Services Fund Group Total	**$ 998,345**	**$ 927,576**	**$ 1,069,544**	**$ 1,250,703**	**16.94%**	**$ 1,281,056**	**2.43%**
Dental Board, Ohio State Total	***$ 998,345***	***$ 927,576***	***$ 1,069,544***	***$ 1,250,703***	***16.94%***	***$ 1,281,056***	***2.43%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
OBD Dietetics, Board of							
4K9 860-609 Operating Expenses	$ 227,741	$ 255,742	$248,912	$ 300,591	20.76%	$ 317,617	5.66%
General Services Fund Group Total	**$ 227,741**	**$ 255,742**	**$ 248,912**	**$ 300,591**	**20.76%**	**$ 317,617**	**5.66%**
Dietetics, Board of Total	***$ 227,741***	***$ 255,742***	***$ 248,912***	***$ 300,591***	***20.76%***	***$ 317,617***	***5.66%***

Line Item Detail by Agency	*FY 1999:*	*FY 2000:*	*FY 2001:*	*FY 2002 Appropriations:*	*% Change 2001 to 2002:*	*FY 2003 Appropriations:*	*% Change 2002 to 2003:*
Report For: Main Operating Appropriations Bill		*Version:* Enacted					
FUN Embalmers and Funeral Directors, State Board of							
4K9 881-609 Operating Expenses	$ 374,115	$ 429,744	$439,420	$ 507,667	15.53%	$ 533,541	5.10%
General Services Fund Group Total	**$ 374,115**	**$ 429,744**	**$ 439,420**	**$ 507,667**	**15.53%**	**$ 533,541**	**5.10%**
Embalmers and Funeral Directors, State Board of Tota	***$ 374,115***	***$ 429,744***	***$ 439,420***	***$ 507,667***	***15.53%***	***$ 533,541***	***5.10%***

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**			***Version:*** **Enacted**						
ENG Engineers and Surveyors, State Board of									
4K9	892-602	Testing Fees-ENG	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4K9	892-609	Operating Expenses	$ 741,542	$ 795,261	$769,091	$ 919,315	19.53%	$ 956,188	4.01%
General Services Fund Group Total			**$ 741,542**	**$ 795,261**	**$ 769,091**	**$ 919,315**	**19.53%**	**$ 956,188**	**4.01%**
Engineers and Surveyors, State Board of Total			***$ 741,542***	***$ 795,261***	***$ 769,091***	***$ 919,315***	***19.53%***	***$ 956,188***	***4.01%***

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill				**Version:** Enacted					
MED State Medical Board									
4K9	883-601	Testing Fees-MED	$ 0	----		----	N/A	----	N/A
5C6	883-609	State Medical Board Operating	$ 5,403,988	$ 5,959,801	$5,812,749	$ 6,344,740	9.15%	$ 6,728,301	6.05%
4K9	883-609	Operating	$ 0	$ 0		$ 0	N/A	$ 0	N/A
General Services Fund Group Total			**$ 5,403,988**	**$ 5,959,801**	**$ 5,812,749**	**$ 6,344,740**	**9.15%**	**$ 6,728,301**	**6.05%**
State Medical Board Total			***$ 5,403,988***	***$ 5,959,801***	***$ 5,812,749***	***$ 6,344,740***	***9.15%***	***$ 6,728,301***	***6.05%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**							
CRB Motor Vehicle Collision Repair Registration, Board of							
5H9 865-609 Operating Expenses	$ 103,483	$ 172,954	$225,262	$ 250,025	10.99%	$ 262,952	5.17%
General Services Fund Group Total	**$ 103,483**	**$ 172,954**	**$ 225,262**	**$ 250,025**	**10.99%**	**$ 262,952**	**5.17%**
Motor Vehicle Collision Repair Registration, Board of	***$ 103,483***	***$ 172,954***	***$ 225,262***	***$ 250,025***	***10.99%***	***$ 262,952***	***5.17%***

Line Item Detail by Agency

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NUR Nursing, Board of

Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
5P8 884-601 Nursing Special Issues	----	----		$ 5,000	N/A	$ 5,000	0.00%
203 884-606 Nurse Aide	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4K9 884-609 Operating	$ 3,214,390	$ 3,685,892	$3,955,552	$ 4,816,241	21.76%	$ 5,205,776	8.09%
General Services Fund Group Total	**$ 3,214,390**	**$ 3,685,892**	**$ 3,955,552**	**$ 4,821,241**	**21.89%**	**$ 5,210,776**	**8.08%**
Nursing, Board of Total	***$ 3,214,390***	***$ 3,685,892***	***$ 3,955,552***	***$ 4,821,241***	***21.89%***	***$ 5,210,776***	***8.08%***

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

PYT Occupational Therapy, Physical Therapy, and Athletic Trainers Board

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
4K9	890-601	Testing Fees-PYT	$ 0	----		----	N/A	----	N/A
4K9	890-609	Operating Expenses	$ 539,205	$ 594,836	$821,818	$ 681,020	-17.13%	$ 703,201	3.26%
General Services Fund Group Total			**$ 539,205**	**$ 594,836**	**$ 821,818**	**$ 681,020**	**-17.13%**	**$ 703,201**	**3.26%**
Occupational Therapy, Physical Therapy, and Athletic			***$ 539,205***	***$ 594,836***	***$ 821,818***	***$ 681,020***	***-17.13%***	***$ 703,201***	***3.26%***

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill — *Version:* Enacted

Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
ODB Optical Dispensers Board, Ohio							
4K9 894-609 Operating Expenses	$ 232,510	$ 257,599	$249,867	$ 280,391	12.22%	$ 295,277	5.31%
General Services Fund Group Total	**$ 232,510**	**$ 257,599**	**$ 249,867**	**$ 280,391**	**12.22%**	**$ 295,277**	**5.31%**
Optical Dispensers Board, Ohio Total	***$ 232,510***	***$ 257,599***	***$ 249,867***	***$ 280,391***	***12.22%***	***$ 295,277***	***5.31%***

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill			*Version:* Enacted						
OPT Optometry, State Board of									
4K9	885-609	Operating Expenses	$ 234,213	$ 257,697	$199,279	$ 289,600	45.32%	$ 306,051	5.68%
General Services Fund Group Total			**$ 234,213**	**$ 257,697**	**$ 199,279**	**$ 289,600**	**45.32%**	**$ 306,051**	**5.68%**
Optometry, State Board of Total			***$ 234,213***	***$ 257,697***	***$ 199,279***	***$ 289,600***	***45.32%***	***$ 306,051***	***5.68%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
OPP Orthotics, Prosthetics and Pedorthics							
4K9 973-609 Operating Expenses	----	----		$ 98,622	N/A	$ 100,518	1.92%
General Services Fund Group Total	----	----	----	**$ 98,622**	**N/A**	**$ 100,518**	**1.92%**
Orthotics, Prosthetics and Pedorthics Total	----	----	----	***$ 98,622***	***N/A***	***$ 100,518***	***1.92%***

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill			**Version:** Enacted						
PRX	***Pharmacy, State Board of***								
4K9	887-601	Sale of Publications-PRX	$ 0	----		----	N/A	----	N/A
4K9	887-602	Testing Fees	$ 0	----		----	N/A	----	N/A
4A5	887-605	Drug Law Enforcement	$ 129,925	$ 75,280	$61,422	$ 72,900	18.69%	$ 75,550	3.64%
4K9	887-609	Operating Expenses	$ 3,463,852	$ 3,815,768	$3,928,323	$ 4,353,629	10.83%	$ 4,744,594	8.98%
General Services Fund Group Total			**$ 3,593,777**	**$ 3,891,048**	**$ 3,989,744**	**$ 4,426,529**	**10.95%**	**$ 4,820,144**	**8.89%**
Pharmacy, State Board of Total			***$ 3,593,777***	***$ 3,891,048***	***$ 3,989,744***	***$ 4,426,529***	***10.95%***	***$ 4,820,144***	***8.89%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
PSY Psychology, State Board of							
4K9 882-609 Operating Expenses	$ 412,850	$ 420,899	$442,831	$ 459,382	3.74%	$ 486,184	5.83%
General Services Fund Group Total	**$ 412,850**	**$ 420,899**	**$ 442,831**	**$ 459,382**	**3.74%**	**$ 486,184**	**5.83%**
Psychology, State Board of Total	***$ 412,850***	***$ 420,899***	***$ 442,831***	***$ 459,382***	***3.74%***	***$ 486,184***	***5.83%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
RCB Respiratory Care Board							
4K9 872-609 Operating Expenses	$ 217,406	$ 251,524	$253,304	$ 287,191	13.38%	$ 305,030	6.21%
General Services Fund Group Total	**$ 217,406**	**$ 251,524**	**$ 253,304**	**$ 287,191**	**13.38%**	**$ 305,030**	**6.21%**
Respiratory Care Board Total	***$ 217,406***	***$ 251,524***	***$ 253,304***	***$ 287,191***	***13.38%***	***$ 305,030***	***6.21%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
SAN Sanitarian Registration, State Board of							
4K9 893-602 Testing Fees-SAN	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4K9 893-609 Operating Expenses	$ 85,788	$ 95,903	$104,882	$ 109,512	4.41%	$ 115,074	5.08%
General Services Fund Group Total	**$ 85,788**	**$ 95,903**	**$ 104,882**	**$ 109,512**	**4.41%**	**$ 115,074**	**5.08%**
Sanitarian Registration, State Board of Total	***$ 85,788***	***$ 95,903***	***$ 104,882***	***$ 109,512***	***4.41%***	***$ 115,074***	***5.08%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
SPE Speech-Language Pathology and Audiology							
4K9 886-609 Operating Expenses	$ 315,646	$ 316,518	$315,938	$ 352,727	11.64%	$ 372,348	5.56%
General Services Fund Group Total	**$ 315,646**	**$ 316,518**	**$ 315,938**	**$ 352,727**	**11.64%**	**$ 372,348**	**5.56%**
Speech-Language Pathology and Audiology Total	***$ 315,646***	***$ 316,518***	***$ 315,938***	***$ 352,727***	***11.64%***	***$ 372,348***	***5.56%***

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill   *Version:* Enacted

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DVM Veterinary Medical Board							
4K9 888-601 Testing Fees-DVM	$ 0	----		----	N/A	----	N/A
4K9 888-609 Operating Expenses	$ 324,794	$ 400,935	$366,677	$ 471,003	28.45%	$ 496,731	5.46%
General Services Fund Group Total	**$ 324,794**	**$ 400,935**	**$ 366,677**	**$ 471,003**	**28.45%**	**$ 496,731**	**5.46%**
Veterinary Medical Board Total	***$ 324,794***	***$ 400,935***	***$ 366,677***	***$ 471,003***	***28.45%***	***$ 496,731***	***5.46%***

- In FY 2001, the Ohioana Library moved into a new facility, thereby meeting their number one goal of the FY 2000/2001 biennium.

Ohioana Library Association

Sara Doddy, Budget Analyst

ROLE

The Ohioana Library Association was founded in 1929 to encourage and recognize the creative accomplishments of Ohioans. The collection boasts over 40,000 works by or about Ohioans. The collection also includes sheet music, photos, letters, original illustrations and artwork, and original manuscripts. The library recognizes the creative accomplishments through the nine annual Ohioana Awards. In addition, the library publishes the *Ohioana Quarterly*, which includes reviews of new books received by the library, and compiles lists of Ohioans who have received national, regional, or statewide awards for the arts or humanities.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
5	$240,000	$245,000	$240,000	$245,000	Am. Sub. H.B. 94

OVERVIEW

The Ohioana Library receives GRF funding from the state in the form of a subsidy. The library is housed in the State Library's building. The rent on Ohioana's space is paid through State Library Board GRF appropriation item 350-401, Ohioana Rental Payments. The cost of the rent is $120,972 in each year of the FY 2002/2003 biennium.

State funds make up approximately 80 percent of the library's total budget. Private funds from contributions, memberships, and *Ohioana Quarterly* subscriptions make up the remaining 20 percent. The bulk of the library's funds are used to cover staff salaries. The books, etc. in the library are primarily received via donation by the author.

In FY 2002, the library's subsidy will be $239,717, a 39.8 percent decrease from FY 2001. FY 2001 expenditures, however, include moving costs for Ohioana to move from the Ohio Departments Building to its new location. With the $180,000 in one-time costs removed from the FY 2001 costs, the appropriation for FY 2002 actually represents an 8.8 percent increase over FY 2001. In FY 2003, Ohioana's subsidy will be $245,054, which is a 2.2 percent increase over the FY 2002 funding level.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
OLA Ohioana Library Association							
GRF 355-501 Library Subsidy	$ 223,130	$ 275,750	$398,461	$ 239,716	-39.84%	$ 245,054	2.23%
General Revenue Fund Total	**$ 223,130**	**$ 275,750**	**$ 398,461**	**$ 239,716**	**-39.84%**	**$ 245,054**	**2.23%**
Ohioana Library Association Total	***$ 223,130***	***$ 275,750***	***$ 398,461***	***$ 239,716***	***-39.84%***	***$ 245,054***	***2.23%***

- New training and outreach initiative unveiled in FY 2001
- Full utilization of Case Management Docketing System

State Personnel Board of Review

Nelson D. Fox, Senior Analyst

Role

The State Personnel Board of Review (PBR) reviews appeals filed by classified exempt employees in the civil service. Appellants protest layoffs, abolishments, displacements, removals, reductions, and reclassifications. PBR also hears appeals filed by non-exempt classified employees who have not organized, and non-exempt employees whose bargaining agreement specifies a right to appeal to the board. In addition, the board has jurisdiction over investigations, whistle blower cases, and OSHA violations. The agency is headed by a three-member board and an executive director.

The board handles approximately 100 collective bargaining issues annually. Although the total number of exempt public sector employees and non-exempt unorganized employees is unknown, the board would be responsible for hearing cases of any of 15,000 exempt state employees. PBR's jurisdiction extends to university and general health districts, as well as state and county employees.

Of all governmental units, county employees have historically filed the most appeals, but the number of state employee appeals has increased recently, probably the result of various agency reorganizations.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
8.5	$1.0 million	$1.1 million	$1.0 million	$1.1 million	Am. Sub. H.B. 94

Overview

The board expended $1,221,921 in FY 2001. The FY 2002 appropriation of $1,039,431—which includes the 1.5 percent reduction in GRF required by the budget act—is a reduction of almost 15 percent over FY 2001 spending. It should be noted that the FY 2001 funding included a one-time GRF appropriation of approximately $200,000 to install a Case Management Docketing System, which exaggerates the decrease between FY 2001-FY 2002. FY 2003 appropriations are $1,083,941, or 4.3 percent higher than the FY 2002 appropriation. As the table above shows, almost all of the agency's appropriation comes from the GRF. The remaining revenue is derived from security deposits made by parties filing appeals.

One major project that should lead to more efficient case management in the upcoming biennium is an automated Case Management Docketing System (CMDS). As well as scheduling hearings more efficiently, the system will enable the board to gather and analyze case statistics that the board could use to make operational improvements. By way of customer service, appellants are able to review the disposition of their case files online on the PBR website.

A major goal of the board during the 2001-2003 biennium is to provide better outreach to civil service commissions statewide. In a July 2000 survey conducted by the board, respondents cited a need for ongoing training in Ohio's civil service laws, understanding case law, and other topics useful to civil service administrators. As a result, in March 2001, PBR hosted a statewide seminar to foster better understanding of Ohio's civil service laws among the 226 municipal commissions and other state jurisdictions responsible for carrying out these laws. The goal of the conference was to assist both civil service administrators and public employees to understand civil service regulations and administrative procedures, and to discuss ways to resolve potential problems before appeals are filed.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

PBR State Personnel Board of Review

Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF 124-321 Operating	$ 901,614	$ 971,122	$1,214,072	$ 999,833	-17.65%	$ 1,043,354	4.35%
General Revenue Fund Total	**$ 901,614**	**$ 971,122**	**$ 1,214,072**	**$ 999,833**	**-17.65%**	**$ 1,043,354**	**4.35%**
636 124-601 Transcript and Other	$ 10,335	$ 11,031	$7,848	$ 39,598	404.53%	$ 40,587	2.50%
General Services Fund Group Total	**$ 10,335**	**$ 11,031**	**$ 7,848**	**$ 39,598**	**404.53%**	**$ 40,587**	**2.50%**
State Personnel Board of Review Total	***$ 911,949***	***$ 982,153***	***$ 1,221,921***	***$ 1,039,431***	***-14.93%***	***$ 1,083,941***	***4.28%***

- The board expects fee revenue to the Financial Assurance Fund to remain level
- The board uses no GRF moneys

Petroleum Underground Storage Tank Release Compensation Board

Kerry Sullivan, Budget Analyst

ROLE

The Petroleum Underground Storage Tank Release Compensation Board administers Ohio's Financial Assurance Fund. The fund provides financial assistance to owners of petroleum underground storage tanks (UST). In accordance with federal law, the board requires all tank owners and operators to participate in a risk pool financing program, through annual payments to the Financial Assurance Fund, in exchange for coverage of up to $1 million for clean-up costs and third-party property and bodily damages associated with accidental releases of petroleum from USTs.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
16	$1 million	$1.1 million	$0	$0	Am. Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 total $1,011,437. This amount is $83,513 greater than the total appropriated in FY 2001, a 9.0 percent increase[16]. Appropriations for FY 2003 total $1,075,158. This amount is $63,721 greater than FY 2002, a 6.3 percent increase. Funding levels over the 2002-2003 biennium match those requested by the board and recommended by the Executive.

The Petroleum Underground Storage Tank Release Compensation Board uses no GRF moneys and maintains one State Special Revenue account. Moneys in this account are used solely for personnel costs. The board consists of nine members appointed by the Governor, and three ex-officio members: the Treasurer of State, the Director of the Department of Commerce, and the Director of the Environmental Protection Agency. The board also has a staff of 16 employees who perform the daily operations of the board.

[16] Actual expenditures in FY 2001 totaled $735,510

The primary source of revenue for the board is an annual fee assessed to each petroleum UST owned or operated by a responsible person. Under the standard $50,000 deductible, the fee was $400 per tank in FY 2001, and will increase to $450 per tank in FY 2002. Owners of six or fewer USTs may pay an additional fee of $150 per tank and reduce their deductible to $11,000 per release.

BUDGET ISSUES

FINANCIAL ASSURANCE FUND

U.S. EPA issued mandates to upgrade, remove, or replace aging USTs by December 1998, which resulted in a substantial decrease in the number of assurable USTs for which fees were collected and credited to the Financial Assurance Fund. In the first year of the board's existence, fees were collected on approximately 50,000 USTs. Today the number of assured USTs has decreased to approximately 23,700. In order to minimize the effects on the solvency of the Financial Assurance Fund, the board has increased per tank fees incrementally over the years, and has succeeded in maintaining a relatively level amount of fee revenue.

Although a fee increase is not anticipated for FY 2003, the board annually reviews its fee structure and operating budget based on the Financial Assurance Fund's unobligated balance, the claims paying experience of its board members, and the claims expenses projected to be certified for payment in the coming fiscal year. The board also considers the number of tanks it expects to be assured. Based upon these claims projections and the expected tank population, the board establishes the annual tank fee for the upcoming fiscal year.

There are a total of 2,088 sites for which the board has received requests for claim reimbursement since its establishment in 1990. Of these, 644 are closed sites, meaning no additional claims for reimbursement can be submitted. With respect to these closed sites, 1,307 claims were submitted, or an average of two claims per site. The average payout for each closed site was $58,641. Beginning in FY 2002, the board expects to receive an additional 400 claims per year. Since the required upgrades mandated by U.S. EPA have been fulfilled, the board also expects the cost of corrective action to decrease.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
UST Petroleum Underground Storage Tank Release Compensation Board							
691 810-632 PUSTRCB Staff	$ 697,786	$ 768,697	$735,510	$ 1,011,437	37.51%	$ 1,075,158	6.30%
State Special Revenue Fund Group Total	**$ 697,786**	**$ 768,697**	**$ 735,510**	**$ 1,011,437**	**37.51%**	**$ 1,075,158**	**6.30%**
Petroleum Underground Storage Tank Release Compe	***$ 697,786***	***$ 768,697***	***$ 735,510***	***$ 1,011,437***	***37.51%***	***$ 1,075,158***	***6.30%***

- 242 school registered and 775 programs approved in 2000
- Revenues from fees collected by the Board must equal at least 50% of its appropriation each year

State Board of Proprietary School Registration

Sara Doddy, Budget Analyst

ROLE

The State Board of Proprietary School Registration monitors and regulates many of Ohio's proprietary (private, for-profit, post-secondary career) schools to ensure compliance with minimum standards set by state law. The board establishes standards for the registration and operation of these schools, including standards to ensure each school's financial stability. The board has seven board members, a full-time staff of four, and five consultants who work under purchased service contracts and perform on-site evaluations of all schools at least once every two years. The board also maintains the Ohio Student Tuition Recovery Fund that provides tuition recovery options for the students of closed schools. Proprietary schools are required to make initial and annual deposits to this fund.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
4	$402,000	$410,000	$402,000	$410,000	Am. Sub. H.B. 94

OVERVIEW

The board's appropriation for FY 2002 is $402,320, a 1.1 percent decrease from FY 2001 spending. The appropriation for FY 2003 is $410,237, a 2.0 percent increase over the FY 2002 appropriation. By law, the board's fee revenue must equal at least 50 percent of its expenditures for each fiscal year. In FY 2000, the board generated 61 percent of its revenues from fees.

The final appropriation for the board decreased 5.4 percent from the executive proposal in each year of the biennium.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

SCR *Proprietary School Registration, State Board of*

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF 233-100 Personal Services	$ 282,501	$ 314,319	$318,566	$ 321,504	0.92%	$ 328,428	2.15%
GRF 233-200 Maintenance	$ 77,261	$ 75,659	$84,713	$ 76,594	-9.58%	$ 77,594	1.31%
GRF 233-300 Equipment	$ 1,411	$ 4,616	$3,419	$ 4,222	23.49%	$ 4,215	-0.16%
General Revenue Fund Total	**$ 361,173**	**$ 394,594**	**$ 406,697**	**$ 402,319**	**-1.08%**	**$ 410,237**	**1.97%**
Proprietary School Registration, State Board of Total	***$ 361,173***	***$ 394,594***	***$ 406,697***	***$ 402,319***	***-1.08%***	***$ 410,237***	***1.97%***

- Reimbursement rate registers in low 40s
- Tight budget presents payroll problem
- Filing fee sunset repealed

Ohio Public Defender Commission

Joseph W. Rogers, Budget Analyst

ROLE

Criminal defendants have a constitutional right to court appointed attorneys if the accused are financially unable to retain private counsel, a right guaranteed by the Sixth and Fourteenth Amendments to the U.S. Constitution. The right to counsel extends from the time that judicial proceedings have been initiated against the accused, whether by way of formal charge, preliminary hearing, indictment, information or arraignment, through sentencing and appeal. There is no absolute right to appointed counsel in post conviction proceedings.

The Ohio Public Defender Commission, which was created effective January 13, 1976, pursuant to Am. Sub. H.B. 164 of the 111th General Assembly, provides, supervises, and coordinates legal representation for persons who cannot afford to hire an attorney to represent them in criminal court. The commission's largest activity in that regard is the administration of a subsidy program that partially reimburses counties for indigent defense expenditures related to the operation of local public defender offices or the use of appointed counsel. The commission also provides legal services to inmates at the state's correctional facilities, trial level representation in some capital cases, and appellate and post-appeals representation in capital and non-capital cases. Additionally, the commission acts as a conduit to pass funds to the Ohio Legal Assistance Foundation (OLAF) for the purpose of providing financial assistance to legal aid societies throughout the state.

The Ohio Public Defender Commission itself consists of nine appointed members. The Governor appoints five of the members, including the chair. The Supreme Court of Ohio appoints the other four members. To foster a non-partisan structure, no more than five commission members can be from one of the two major political parties. The commission appoints a State Public Defender who maintains and administers the Office of the Ohio Public Defender. The commission and the Office of the Public Defender share a common state budget.

In meeting the right to counsel obligations in criminal matters, each county has the option of establishing a county public defender system, a joint county public defender system, adopting a schedule to pay private appointed counsel, contracting with the State Public Defender, or contracting with a non-profit corporation. A county may use one or any combination of these options, and, in point of fact, most opt to utilize county public defender offices or appointed counsel systems.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
172	$64.0 million	$65.8 million	$44.4 million	$45.4 million	Am. Sub. H.B. 94

OVERVIEW

The statutory responsibilities performed by the commission continue to be financed primarily through the state's GRF, although its percentage of the commission's total annual budget has shrunk in recent years. Whereas GRF spending comprised almost 80 percent of total commission expenditures in FYs 1992 and 1993, it has since dropped into the 70 percent range. Over that time period, around 75 percent of the commission's total GRF budget has been committed to the state's County Reimbursement program. Also of note is that approximately 25 percent of the commission's total annual budget has been used to provide non-GRF support to legal aid societies around the state through the Ohio Legal Assistance Foundation.

The total amount of GRF funding appropriated to the commission in each of FYs 2002 and 2003 represents what can perhaps at best be termed a no growth budget. In FY 2002, GRF appropriations total $349,181, or 0.8 percent, less than the commission's total actual FY 2001 GRF expenditures. This is followed in FY 2003 by total GRF appropriations that represent an increase of $939,204, or 2.1 percent, from the FY 2002 GRF appropriations. In light of the very tight fiscal condition created by this level of funding, the commission will most likely find itself trying to balance two somewhat competing responsibilities: (1) the need to perform its own state financed legal defense services, and (2) the goal of getting the reimbursement rate for county provided indigent defense services close to 50 percent.

BUDGET ISSUES

STATE LEGAL DEFENSE SERVICES

The commission's State Legal Defense Services program provides legal representation to indigent adults, juveniles, and incarcerated individuals in all courts when the United States Constitution requires representation, or when it is requested by the court, the county or joint county public defender, or an inmate. Most legal matters in which the state provides direct representation involve appeals or death penalty cases. Indigent defense for most other cases is provided by local public defenders.

The State Legal Defense Services program is financed primarily by the commission's GRF line item 019-401, State Legal Defense Services. The amounts appropriated for line item 019-401 are less than what the commission calculated the future cost of providing its FY 2001 level of state legal defense services by roughly $725,000 and $786,000 in FYs 2002 and 2003, respectively. Roughly 80 percent of the line item's appropriation is allocated for employee salaries and fringe benefits. Presumably, the commission will have to cutback or constrain the amount of spending that it had planned to allocate from this line item for personal services, purchased personal services contracts, maintenance, and equipment. This could be accomplished by delaying purchases, holding vacant staff positions open, shifting necessary expenditures to other line items, or some mix of these fiscal strategies.

COUNTY REIMBURSEMENT

The County Reimbursement program is responsible, under existing law, for providing up to 50 percent reimbursement to counties for the cost of providing attorneys to represent indigent persons who are charged with a crime or are appealing their conviction(s). The program also establishes standards (including indigence), guidelines, and maximum fees for state reimbursement of county level indigent defense services, and monitors county compliance with these standards.

In Ohio, counties are required to provide and pay for legal counsel for indigent persons where a right to counsel exists, and are reimbursed a portion of these costs by the state. The Revised Code allows counties to use one or more of five different types of legal services delivery systems. These include: (1) setting up a county public defender office, (2) setting up a joint county public defender office, (3) utilization of private appointed counsel, (4) contracting with the State Public Defender, or (5) contracting with a non-profit corporation. Most counties use county public defender office and/or appointed counsel systems.

The level of GRF funding contained in the FY 2002-2003 biennial budget is expected to allow the commission to hit a county reimbursement rate in the range of 40 percent to 42 percent. The commission has calculated that it would need additional GRF funding in the amount of approximately $7.0 million in FY 2002 and $9.0 million in FY 2003 to close in on the 50 percent reimbursement rate target.

Legal Aid Societies

The Ohio Legal Assistance Foundation (OLAF) is a non-profit entity, created by statute, and charged with administering state funds for Ohio's legal aid societies. The FY 2002-2003 biennial budget contains a permanent law change that allows the collection of a pre-existing additional filing fee in civil cases that is used for legal aid societies to continue after December 31, 2002. Under prior law, that additional filing fee on civil cases was to be reduced to $4 effective January 1, 2003. If the civil case filing fee were to have been reduced, as would have happened under prior law, then the amount of revenue collected for the purpose of providing financial assistance to legal aid societies would have dropped by approximately $4.5 million annually. By eliminating the provisions in prior law that would have reduced the additional filing fee amount, the FY 2002-2003 biennial budget preserves the roughly $4.5 million annual revenue stream.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

PUB *Public Defender Commission, Ohio*

Fund	Line	Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	019-100	Personal Services	$ 0	$ 0		----	N/A	----	N/A
GRF	019-200	Maintenance	$ 0	$ 0		----	N/A	----	N/A
GRF	019-300	Equipment	$ 0	$ 0		----	N/A	----	N/A
GRF	019-321	Public Defender Administration	$ 1,593,982	$ 1,661,190	$1,706,534	$ 1,745,787	2.30%	$ 1,745,787	0.00%
GRF	019-401	State Legal Defense Services	$ 6,456,852	$ 7,007,257	$6,612,220	$ 6,879,155	4.04%	$ 7,151,032	3.95%
GRF	019-403	Multi-County: State Share	$ 935,049	$ 1,089,431	$1,168,604	$ 1,093,600	-6.42%	$ 1,088,346	-0.48%
GRF	019-404	Trumbull County-State Share	$ 350,679	$ 386,362	$396,577	$ 359,216	-9.42%	$ 358,458	-0.21%
GRF	019-405	Training Account	$ 39,325	$ 45,575	$44,200	$ 47,280	6.97%	$ 47,280	0.00%
GRF	019-501	County Reimbursement - Non-Capital C	$ 24,517,431	$ 31,772,111	$33,975,744	$ 33,384,666	-1.74%	$ 33,994,835	1.83%
GRF	019-503	County Reimbursement - Capital Cases	$ 904,054	$ 874,588	$874,837	$ 921,830	5.37%	$ 985,000	6.85%
General Revenue Fund Total			**$ 34,797,372**	**$ 42,836,514**	**$ 44,778,716**	**$ 44,431,535**	**-0.78%**	**$ 45,370,739**	**2.11%**
101	019-602	Inmate Legal Assistance	$ 52,445	$ 57,776	$59,119	$ 67,172	13.62%	$ 71,020	5.73%
406	019-603	Training and Publications	$ 9,077	$ 1,200		$ 16,000	N/A	$ 16,000	0.00%
407	019-604	County Representation	$ 380,722	$ 151,806	$130,061	$ 213,778	64.37%	$ 240,556	12.53%
408	019-605	Client Payment	$ 83,732	$ 112,634	$133,620	$ 260,584	95.02%	$ 285,533	9.57%
101	019-607	Juvenile Legal Assistance	$ 355,843	$ 419,835	$395,368	$ 458,767	16.04%	$ 481,462	4.95%
407	019-610	Trumbull County Office	$ 0	$ 0		$ 0	N/A	$ 0	N/A
General Services Fund Group Total			**$ 881,819**	**$ 743,251**	**$ 718,168**	**$ 1,016,301**	**41.51%**	**$ 1,094,571**	**7.70%**
3S8	019-608	Federal Representation	$ 130	$ 233,176	$489,584	$ 564,929	15.39%	$ 594,247	5.19%
3H4	019-609	Death Penalty Resource Center	$ 13,514	$ 37,758		$ 0	N/A	$ 0	N/A
3M8	019-611	PD Case Management	$ 23,661	$ 0		$ 0	N/A	$ 0	N/A
3M9	019-612	Community Reconciliation	$ 889	$ 0		$ 0	N/A	$ 0	N/A
3U7	019-614	Juvenile JAIBG Grant	----	----	$68,171	$ 51,516	-24.43%	$ 54,601	5.99%
3U8	019-615	Juvenile Challenge Grant	----	----	$45,422	$ 118,658	161.23%	$ 124,984	5.33%
Federal Special Revenue Fund Group Total			**$ 38,194**	**$ 270,934**	**$ 603,177**	**$ 735,103**	**21.87%**	**$ 773,832**	**5.27%**
4C7	019-601	Multi-County: County Share	$ 1,137,576	$ 1,214,356	$1,324,707	$ 1,603,064	21.01%	$ 1,714,575	6.96%
574	019-606	Legal Services Corporation	$ 14,509,545	$ 14,568,109	$13,884,221	$ 15,725,233	13.26%	$ 16,275,558	3.50%
4X7	019-610	Trumbull County-County Share	$ 407,822	$ 429,860	$449,339	$ 526,560	17.19%	$ 564,714	7.25%
State Special Revenue Fund Group Total			**$ 16,054,943**	**$ 16,212,325**	**$ 15,658,268**	**$ 17,854,857**	**14.03%**	**$ 18,554,847**	**3.92%**

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
PUB Public Defender Commission, Ohio							
Public Defender Commission, Ohio Total	$ 51,772,328	$ 60,063,024	$ 61,758,329	$ 64,037,796	3.69%	$ 65,793,989	2.74%

- Total funding is increased by 8.0% ($63.7 million) over the previous biennium.
- EMS implements Trauma Bill (H.B. 138)

Department of Public Safety

Elisabeth Gorenstein, Senior Analyst

ROLE

The mission of the Ohio Department of Public Safety is to save lives, reduce injuries and economic loss, to administer Ohio's motor vehicle laws, and to preserve the safety and well being of all citizens with the most cost-effective and service-oriented methods available. The agency is comprised of six divisions: Administration, the Bureau of Motor Vehicles, the Ohio State Highway Patrol, the Division of Emergency Medical Services, the Emergency Management Agency, and the Investigative Unit.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
3,794	$420.5 million	$440.9 million	$7.2 million	$7.7 million	Sub. H.B. 73 Am. Sub. H.B. 94

OVERVIEW

Two appropriation bills fund the Department of Public Safety: the Transportation Budget Bill, Sub. H.B. 73, and the Main Operating Budget Bill, Am. Sub. H.B. 94. The "Total Appropriations – All Funds" totals represent all agency budget lines; the "GRF Appropriations" represent the General Revenue Fund subset of these totals. The line items support programs within the agency including the Highway Patrol (the largest division), the Bureau of Motor Vehicles, the Investigative Unit that investigates liquor violations and food stamp violations, the Emergency Management Agency that coordinates the support for local disaster-relief efforts and provides support for mitigation programs that would alleviate future disasters, the Emergency Medical Services division that tests and certifies Ohio's Emergency Medical Technicians and firefighters, and the Administrative Division that provides administrative support for the other divisions and administers highway safety and information programs.

The majority of the agency's appropriation comes from the Transportation Budget Bill (Sub. H.B. 73) and is primarily funded through motor vehicle fuel taxes. Funding increased by approximately seven percent ($27.5 million) from FY 2001 appropriations to FY 2002 appropriations and by approximately five percent ($19.9 million) from FY 2002 appropriations to FY 2003 appropriations. The Main Operating Budget Bill (Am. Sub. H.B. 94) reduced the General Revenue funding for the agency by approximately 4 percent (-$300,000) from FY 2001 appropriations to FY 2002 appropriations and increased the funding by approximately seven percent ($500,000) from FY 2002 appropriations to FY 2003 appropriations.

The following table is a comparison of appropriations from the FY 2000-FY 2001 biennial budget and the FY 2002-FY 2003 biennial budget. Figures are in the millions of dollars.

FUND GROUP	FY 2000 Appropriation	FY 2001 Appropriation	FY 2002 Appropriation	% Change 2001 to 2002	FY 2003 Appropriation	% Change 2002 to 2003	Total Biennium % Change 2000-2001 to 2002-2003
General Revenue Fund	$7.8	$7.5	$7.2	- 4.0%	$7.7	6.9%	- 2.6%
Total Main Operating Budget	$7.8	$7.5	$7.2	- 4.0%	$7.7	6.9%	- 2.6%
State Highway Safety	$356.3	$353.5	$375.9	6.3%	$399.0	6.2%	9.2%
State Special Revenue	$4.2	$5.4	$1.9	- 64.8%	$1.9	0%	- 60.4%
Liquor Control	$8.5	$8.4	$8.7	3.6%	$9.3	6.9%	6.51%
General Services	$9.8	$5.8	$9.5	63.8%	$8.5	- 10.5%	15.4%
Federal Revenue Special Revenue	$16.0	$11.0	$15.1	37.3%	$12.2	- 19.2%	1.1%
Agency	$0	$0	$.2	N/A	$.2	0%	N/A
Holding Account Redistribution	$1.6	$1.6	$2.0	25%	$2.0	0%	25.0%
Total Transportation Budget	$396.5	$385.8	$413.3	7.1%	$433.2	4.8%	8.2%
Total Department of Public Safety	**$404.4**	**$393.3**	**$420.5**	**6.9%**	**$440.9**	**4.6%**	**8.0%**

BUDGET ISSUES

EMERGENCY MEDICAL SERVICES IMPLEMENTING THE "TRAUMA BILL"

House Bill 138 of the 123rd General Assembly, often referred to as the "Trauma Bill," created several new duties for the Emergency Medical Services (EMS) division. As a result, EMS was provided with four new positions to comply with the bill's provisions. The new staff are responsible for the implementation of the Trauma Registry and the Statewide Incident Run Report, and serve as regional liaisons to firefighters across the state. There were 17 full-time and 1 part-time employees assigned to this division as of December 31, 2000.

MULTI-AGENCY REGIONAL COMMUNICATIONS SYSTEM (MARCS)

Public Safety will be one of the heaviest users of the MARCS. The contract for system construction was awarded in late 1998, and the system will begin to be put into operation during the FY 2001-2003 biennium. Funding for MARCS operations will be moved to the Department of Administrative Services. The Emergency Management Agency will continue to operate the mobile MARCS unit, which serves as the primary backup system as well as serving as a command post during disaster situations.

BUREAU OF MOTOR VEHICLES IMAGING

Funding is provided to replace the department's image processing system. The system is used to capture, store, and retrieve images of the millions of documents processed in the Financial Responsibility, Medical, and Administrative Licensing Suspension sections.

Report For: **Transportation Budget** *Version:* **Enacted**

DHS Public Safety, Department of

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
5C7	762-664	Data Services	$ 37,685	$ 0		$ 0	N/A	$ 0	N/A
533	763-601	State Disaster Relief	$ 6,321,540	$ 7,491,930	$6,635,813	$ 8,500,000	28.09%	$ 7,500,000	-11.76%
4V3	763-662	STORMS/NOAA Maintenance	$ 127,646	$ 81,646	$174,361	$ 175,772	0.81%	$ 182,685	3.93%
4W6	763-663	MARCS Operations	$ 0	$ 0	$80,116	$ 0	-100.00%	$ 0	N/A
4S2	764-660	MARCS Maintenance	$ 3,038	$ 161,781	$189,217	$ 241,811	27.80%	$ 227,222	-6.03%
5C8	764-665	Hilltop Security	$ 871,540	$ 0		$ 0	N/A	$ 0	N/A
4S3	766-661	Hilltop Utility Reimbursement	$ 162,770	$ 187,523	$189,285	$ 562,100	196.96%	$ 576,153	2.50%
General Services Fund Group Total			**$ 7,524,219**	**$ 7,922,880**	**$ 7,268,792**	**$ 9,479,683**	**30.42%**	**$ 8,486,060**	**-10.48%**
337	763-609	Federal Disaster Relief	$ 26,420,012	$ 8,651,891	$10,359,397	$ 6,100,000	-41.12%	$ 2,000,000	-67.21%
344	763-621	Population Protection Planning	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3N5	763-644	US DOE Agreement	$ 74,178	$ 102,606	$173,756	$ 200,000	15.10%	$ 215,000	7.50%
329	763-645	Individual/Family Grant - Fed	$ 3,720,651	$ 365,290	$1,747,712	$ 296,100	-83.06%	$ 303,504	2.50%
338	763-646	Direction, Control and Warning	$ 0	$ 0		$ 0	N/A	$ 0	N/A
339	763-647	Emergency Management Assistance &	$ 3,649,184	$ 4,016,906	$5,622,671	$ 8,525,000	51.62%	$ 9,725,000	14.08%
345	763-648	Radiological Protection Planning	$ 0	$ 0		$ 0	N/A	$ 0	N/A
346	763-649	Survival Crisis Management	$ 0	$ 0		$ 0	N/A	$ 0	N/A
347	763-650	Emergency Operating Centers	$ 0	----		----	N/A	----	N/A
Federal Special Revenue Fund Group Total			**$ 33,864,025**	**$ 13,136,693**	**$ 17,903,537**	**$ 15,121,100**	**-15.54%**	**$ 12,243,504**	**-19.03%**
539	762-614	Motor Vehicle Dealers Board	$ 121,006	$ 105,439	$102,944	$ 233,476	126.80%	$ 239,902	2.75%
4U1	762-640	Lake Erie License Plate	$ 0	----		----	N/A	----	N/A
4U3	762-642	Scenic Rivers Protection License Plate	$ 0	----		----	N/A	----	N/A
538	763-651	Radiological Emergency Response	$ 8,694	$ 0		$ 0	N/A	$ 0	N/A
657	763-652	Utility Radiological Safety	$ 696,150	$ 628,615	$779,800	$ 874,602	12.16%	$ 927,241	6.02%
681	763-653	SARA Title III HAZMAT Planning	$ 165,061	$ 183,662	$188,452	$ 190,000	0.82%	$ 190,000	0.00%
4Y0	763-654	EMA Utility Payment	$ 85,715	$ 90,396	$91,143	$ 146,657	60.91%	$ 146,657	0.00%
4Y1	763-655	Salvage & Exchange - EMA	$ 0	$ 0		$ 28,285	N/A	$ 28,992	2.50%
622	767-615	Investigative Contraband & Forfeiture	----	$ 264,909	$344,545	$ 394,255	14.43%	$ 404,111	2.50%
863	767-643	Liquor Enforcement Contraband	$ 193,722	$ 0		$ 0	N/A	$ 0	N/A
4M3	769-656	Food Stamp Contraband & Forfeiture	$ 6,255	$ 0		$ 0	N/A	$ 0	N/A

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DHS Public Safety, Department of									
State Special Revenue Fund Group Total			**$ 1,276,603**	**$ 1,273,021**	**$ 1,506,883**	**$ 1,867,275**	**23.92%**	**$ 1,936,903**	**3.73%**
036	761-321	Operating Expense - Information & Edu	$ 2,936,734	$ 2,577,047	$2,372,052	$ 2,798,221	17.97%	$ 3,071,756	9.78%
036	761-401	Lease Rental Payments	$ 10,067,193	$ 10,106,044	$10,135,212	$ 12,157,000	19.95%	$ 12,735,500	4.76%
036	761-402	Traffic Safety Match	$ 227,137	$ 277,137	$277,137	$ 277,137	0.00%	$ 277,137	0.00%
830	761-603	Salvage & Exchange - Administration	$ 2,421	$ 16,471	$13,000	$ 21,531	65.62%	$ 22,070	2.50%
831	761-610	Information & Education - Federal	$ 120,545	$ 129,331	$119,738	$ 684,501	471.66%	$ 706,238	3.18%
83N	761-611	Elementary School Seat Belt Program	$ 221,804	$ 223,529	$242,282	$ 407,166	68.05%	$ 447,895	10.00%
832	761-612	Traffic Safety - Federal	$ 6,436,225	$ 6,873,528	$8,589,849	$ 12,508,783	45.62%	$ 12,910,149	3.21%
844	761-613	Seat Belt Education Program	$ 206,995	$ 60,967	$180,484	$ 235,128	30.28%	$ 258,657	10.01%
847	761-622	Film Production Reimbursement	$ 9,257	$ 11,052	$10,777	$ 45,259	319.98%	$ 46,390	2.50%
846	761-625	Motorcycle Safety Education	$ 803,884	$ 850,498	$1,011,201	$ 1,316,145	30.16%	$ 1,358,917	3.25%
840	761-667	Security Assessment	$ 69,654	$ 0	$72,809	----	N/A	----	N/A
4W4	762-321	Operating Expense - BMV	$ 54,326,123	$ 54,229,303	$56,310,962	$ 63,822,261	13.34%	$ 69,503,140	8.90%
4W4	762-410	Registrations Supplement	$ 17,326,123	$ 25,774,386	$35,628,710	$ 33,647,970	-5.56%	$ 34,988,363	3.98%
835	762-616	Financial Responsibility Compliance	$ 3,392,940	$ 4,334,935	$3,866,474	$ 5,534,464	43.14%	$ 8,911,789	61.02%
849	762-627	Automated Title Processing Board	$ 6,237,907	$ 15,851,214	$5,934,430	$ 7,771,434	30.96%	$ 8,185,803	5.33%
83E	762-632	Mail-In Registration - Operating	$ 4,859,774	$ 5,571		$ 0	N/A	$ 0	N/A
83L	762-636	Registrar Site Control	$ 413,968	$ 0		$ 0	N/A	$ 0	N/A
4U0	762-638	Collegiate License Plate Program	$ 458,975	$ 450,375	$495,350	$ 481,842	-2.73%	$ 493,888	2.50%
83R	762-639	Local Immobilization Reimburse	$ 901,935	$ 812,961	$700,177	$ 970,000	38.54%	$ 994,250	2.50%
4U2	762-641	Football Hall of Fame License Plates	$ 82,950	$ 71,145	$59,355	$ 150,000	152.72%	$ 150,000	0.00%
5G8	762-668	Ohio CASA/GAL License Plates	$ 176,445	$ 235,245	$248,175	$ 307,200	23.78%	$ 307,200	0.00%
5G9	762-669	Rotary International License Plates	$ 2,925	$ 11,580	$9,600	$ 20,480	113.33%	$ 20,480	0.00%
5J0	762-670	Pro Sports Team License Plates	----	$ 22,675	$92,325	$ 1,250,000	1,253.91%	$ 1,250,000	0.00%
5J1	762-671	Boy Scouts License Plates	----	$ 4,320	$8,940	$ 25,000	179.64%	$ 25,000	0.00%
5J2	762-672	Girl Scouts License Plates	----	$ 2,565	$4,425	$ 25,000	464.97%	$ 25,000	0.00%
5J3	762-673	Eagle Scouts License Plates	----	$ 4,680	$12,000	$ 25,000	108.33%	$ 25,000	0.00%
5J4	762-674	FOP License Plates	----	$ 8,308	$9,180	$ 15,000	63.40%	$ 15,000	0.00%
5J5	762-675	FOP Associates License Plates	----	$ 10,425	$10,815	$ 30,000	177.39%	$ 30,000	0.00%
5J6	762-677	Ducks Unlimited License Plates	----	$ 5,400	$16,995	$ 25,000	47.10%	$ 25,000	0.00%
5M7	762-679	Future Farmers of America License Plat	----	$ 0	$2,280	$ 25,000	996.49%	$ 25,000	0.00%

Line Item Detail by Agency

DHS Public Safety, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
036	764-033	Minor Capital Projects	$ 2,561,773	$ 2,575,447	$1,442,841	$ 2,531,302	75.44%	$ 1,732,358	-31.56%
036	764-321	Operating Expense - Highway Patrol	$ 154,591,627	$ 169,693,674	$172,501,235	$ 185,264,130	7.40%	$ 195,245,402	5.39%
036	764-405	State Fair Assistance	$ 0	$ 0		$ 0	N/A	$ 0	N/A
837	764-602	Turnpike Policing	$ 7,340,968	$ 7,664,850	$6,519,471	$ 8,803,786	35.04%	$ 9,306,325	5.71%
841	764-603	Salvage and Exchange - Highway Patro	$ 0	$ 4,742,826	$1,216,267	$ 1,243,025	2.20%	$ 1,274,101	2.50%
838	764-606	Patrol Reimbursement	$ 114,474	$ 118,656	$114,322	$ 216,690	89.54%	$ 222,108	2.50%
840	764-607	State Fair Security	$ 1,078,293	$ 1,124,021	$1,178,732	$ 1,306,015	10.80%	$ 1,384,660	6.02%
831	764-610	Patrol - Federal	$ 1,474,466	$ 1,522,091	$2,174,171	$ 2,210,831	1.69%	$ 2,336,609	5.69%
840	764-617	Security and Investigations	$ 3,600,730	$ 3,919,953	$4,906,825	$ 4,484,313	-8.61%	$ 4,749,103	5.90%
840	764-626	State Fairgrounds Police Force	$ 587,632	$ 724,806	$584,401	$ 783,175	34.01%	$ 829,631	5.93%
83C	764-630	Contraband, Forfeiture, Other	$ 3,036,202	$ 2,743,101	$640,577	$ 603,296	-5.82%	$ 622,894	3.25%
83G	764-633	OMVI Fines	$ 491,972	$ 844,782	$688,787	$ 781,051	13.40%	$ 820,927	5.11%
83F	764-657	Law Enforcement Automated Data Syst	$ 3,690,635	$ 4,377,336	$3,797,867	$ 5,050,151	32.97%	$ 5,277,569	4.50%
831	764-659	Transportation Enforcement - Federal	$ 2,397,859	$ 2,332,385	$3,067,534	$ 3,919,153	27.76%	$ 4,087,361	4.29%
840	764-667	Security Assessment	----	----		$ 152,324	N/A	$ 160,982	5.68%
831	765-610	EMS/Federal	$ 164,086	$ 108,252	$111,504	$ 263,475	136.29%	$ 270,062	2.50%
83M	765-624	Operating Expenses - EMS	$ 1,050,110	$ 1,077,158	$1,789,937	$ 2,370,708	32.45%	$ 2,292,960	-3.28%
83P	765-637	EMS Grants	$ 1,251,525	$ 1,480,828	$2,950,530	$ 5,694,384	93.00%	$ 5,836,744	2.50%
036	766-321	Operating Expense - Administration	$ 2,914,492	$ 3,778,963	$4,389,824	$ 4,146,125	-5.55%	$ 4,233,612	2.11%
831	767-610	Liquor Enforcement - Federal	$ 61,575	$ 58,251	$85,719	$ 483,710	464.30%	$ 514,184	6.30%
831	769-610	Food Stamp Trafficking Enforcement -	$ 646,347	$ 716,457	$799,725	$ 974,809	21.89%	$ 1,025,732	5.22%
State Highway Safety Fund Group Total			**$ 296,336,680**	**$ 332,564,529**	**$ 335,395,004**	**$ 375,858,975**	**12.06%**	**$ 399,032,946**	**6.17%**
043	767-321	Liquor Enforcement - Operations	$ 7,861,800	$ 8,436,848	$8,748,204	$ 8,739,650	-0.10%	$ 9,266,891	6.03%
Liquor Control Fund Group Total			**$ 7,861,800**	**$ 8,436,848**	**$ 8,748,204**	**$ 8,739,650**	**-0.10%**	**$ 9,266,891**	**6.03%**
5J9	761-678	Federal Salvage/GSA	----	$ 4,002	$5,293	$ 204,400	3,762.06%	$ 209,510	2.50%
Agency Fund Group Total			**----**	**$ 4,002**	**$ 5,293**	**$ 204,400**	**3,762.06%**	**$ 209,510**	**2.50%**
R24	762-619	Unidentified Motor Vehicle Receipts	$ 1,571,339	$ 1,587,503	$1,329,373	$ 1,750,000	31.64%	$ 1,750,000	0.00%
R52	762-623	Security Deposits	----	----		$ 250,000	N/A	$ 250,000	0.00%
R27	764-608	Patrol Fee Refunds	$ 12,389	$ 21,991	$12,581	$ 35,000	178.19%	$ 35,000	0.00%
Holding Account Redistribution Fund Group Total			**$ 1,583,728**	**$ 1,609,494**	**$ 1,341,954**	**$ 2,035,000**	**51.64%**	**$ 2,035,000**	**0.00%**

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DHS Public Safety, Department of							
Public Safety, Department of Total	$ 348,447,055	$ 364,947,467	$ 372,169,667	$ 413,306,083	11.05%	$ 433,210,814	4.82%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**			*Version:* **Enacted**						
DHS Public Safety, Department of									
GRF	763-403	Operating Expenses - EMA	$ 3,832,810	$ 3,329,281	$3,973,523	$ 3,794,148	-4.51%	$ 4,162,244	9.70%
GRF	763-409	MARCS Operations & Maintenance	$ 0	$ 0	$418,550	$ 0	-100.00%	$ 0	N/A
GRF	763-507	Individual and Family Grants	$ 1,200,708	$ 100,000	$621,218	$ 88,664	-85.73%	$ 88,057	-0.68%
GRF	764-404	Transportation Enforcement Operations	$ 1,390,717	$ 2,696,094	$1,926,092	$ 2,402,394	24.73%	$ 2,454,232	2.16%
GRF	769-321	Food Stamp Trafficking Enforcement O	$ 660,245	$ 683,904	$858,185	$ 921,780	7.41%	$ 966,701	4.87%
General Revenue Fund Total			**$ 7,084,480**	**$ 6,809,279**	**$ 7,797,568**	**$ 7,206,986**	**-7.57%**	**$ 7,671,233**	**6.44%**
Public Safety, Department of Total			***$ 7,084,480***	***$ 6,809,279***	***$ 7,797,568***	***$ 7,206,986***	***-7.57%***	***$ 7,671,233***	***6.44%***

- Total appropriated budget increased 17.3% from the FY 2000-2001 biennium to the FY 2002-2003 biennium
- Motor carrier safety grants awarded in FY 2002

Public Utilities Commission of Ohio

Jonathan Lee, Budget Analyst

ROLE

The Public Utilities Commission of Ohio (PUCO) is the sole agency that regulates the provision of utility services. The commission consists of a chairperson and four commissioners who are appointed by the Governor with the advice and consent of the Senate.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
405	$54 million	$54 million	$0	$0	Am. Sub. H.B. 94

OVERVIEW

The PUCO was fully funded at requested levels for the FY 2002-2003 biennium at $107,518,858. The PUCO's total appropriated budget increased 17.3 percent from the FY 2000-2001 to the FY 2002-2003 biennium. The PUCO's total appropriated budget increased by 17.7 percent from FY 2001 to FY 2002, although compared to FY 2001 actual expenditures, FY 2002 appropriations are 20.8 percent higher. (The PUCO was appropriated $91,603,204 for the FY 2000-2001 biennium, but actual expenditures totaled $86,491,139, a difference of $5,112,065.) Appropriations decrease 0.63 percent from FY 2002 to FY 2003. Funding comes through assessments on utilities as well as fees generated by intrastate and interstate motor carrier registrations and federal assistance.

BUDGET ISSUES

MARKET MONITORING

Funding for the FY 2002-2003 biennium will allow the PUCO to hire four new employees in their Division of Market Monitoring and Assessment. The Division of Market Monitoring and Assessment collects monthly information on a quarterly basis from the electric distribution utilities (EDUs), competitive retail electric service providers (certified electric utilities power marketers, power brokers, aggregators or independent power producers/distributed generators), certified competitive electric cooperatives, and governmental aggregators. The purpose of market monitoring is to assist the PUCO in determining whether effective competition exists for a competitive retail electric service. Expenditures for market monitoring responsibilities come from the PUCO's 5F6 Utility & Railroad Regulation line item, which was appropriated $29,104,298 in FY 2002 and $30,622,222 in FY 2003.

Commercial Vehicle Information Systems & Networks Program

In FY 2002 the PUCO will receive $2.5 million in federal grant money to fund the Commercial Vehicle Information Systems & Networks (CVISN). CVISN plans to improve highway safety through electronic technologies. The Ohio CVISN project will allow Ohio trucking companies and those based elsewhere but traveling through Ohio to conduct many of their paperwork transactions (obtaining permits, proving insurance, licensing vehicles, etc.) with Ohio state government agencies by electronic means. It is estimated that this initiative will substantially reduce delays and administrative costs inherent in these paper processes.

Certification of Natural Gas Suppliers & Aggregators

In March 2001, Sub. H.B. 9 of the 124th General Assembly was passed giving the PUCO new responsibilities, such as setting up a certification program for governmental aggregation and retail suppliers and dealing with several cost issues of natural gas companies relating to a more open retail gas supply market. The LSC fiscal analysis of Sub. H.B. 9 notes that implementation of a certification program may require two additional full-time staff in the Utility Specialist 1 classification. Two Utility Specialists are estimated to cost $111,400 per year. There was no appropriation in Sub. H.B. 9 to support these positions and the PUCO did not include the request for funding for additional Utility Specialists in their FY 2002-2003 biennium budget proposal. The PUCO will either hire the Utility Specialists with current funding levels or distribute the added responsibilities among current staff members.

Other Funding Issues

With biennium funding the PUCO will be able to employ one Database Analyst, three Transportation Examiners, and two Hazmat Investigator Specialists to assist in the Motor Carrier Safety Assistance Program (MCSAP). These employees will aid in conducting audits of trucking companies and investigating hazardous materials carriers to achieve the objective of reducing the number and severity of accidents and hazardous materials incidents involving commercial motor vehicles. Also, biennium funding will allow the PUCO to hire four Program Analysts to aid in the design, development, and implementation of the PUCO Information Technology Plan. Furthermore, funding levels will allow the PUCO to replace agency vehicles, provide computers for field staff, and provide copiers and other office equipment and supplies for the agency.

A provision in Am. Sub. H.B. 94 of the 124th General Assembly replaces the seat tax on motor vehicles used for transporting persons (buses) to a flat tax of $30. Previous motor vehicle seat tax was determined by multiplying the number of passengers that can be seated at one time by four. The PUCO estimates the provision may result in a revenue decrease of approximately $28,400 per year.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill   *Version:* Enacted

PUC Public Utilities Commission of Ohio

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	870-501	NARUC/NRRI-Subsidy	$ 0	----		----	N/A	----	N/A
GRF	871-321	Utility Regulation	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	871-499	State Match	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	872-321	Transportation Regulation	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	872-498	State Transportation Match	$ 0	$ 0		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 0**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
558	870-602	Salvage & Exchange	$ 33,992	$ 0	$29,005	$ 32,474	11.96%	$ 33,285	2.50%
5F6	870-622	Utility & Railroad Regulation	$ 22,400,458	$ 25,293,634	$26,480,155	$ 29,104,298	9.91%	$ 30,622,222	5.22%
5F6	870-624	NARUC/NRRI Subsidy	$ 158,515	$ 167,233	$167,233	$ 167,233	0.00%	$ 167,233	0.00%
5F6	870-625	Motor Transportation Regulation	$ 3,281,479	$ 3,776,082	$4,161,380	$ 4,578,771	10.03%	$ 4,811,239	5.08%
General Services Fund Group Total			**$ 25,874,444**	**$ 29,236,949**	**$ 30,837,773**	**$ 33,882,776**	**9.87%**	**$ 35,633,979**	**5.17%**
333	870-601	Gas Pipeline Safety	$ 250,041	$ 387,776	$391,377	$ 461,920	18.02%	$ 485,332	5.07%
3V3	870-604	Commercial Vehicle Information Syste	----	----		$ 2,500,000	N/A	$ 0	-100.00%
350	870-608	Motor Carrier Safety	$ 4,201,868	$ 3,376,533	$3,977,680	$ 6,749,153	69.68%	$ 7,027,712	4.13%
Federal Special Revenue Fund Group Total			**$ 4,451,909**	**$ 3,764,309**	**$ 4,369,057**	**$.9,711,073**	**122.27%**	**$ 7,513,044**	**-22.63%**
559	870-605	Public Utilities Territorial Administration	$ 0	$ 0		$ 4,000	N/A	$ 4,000	0.00%
561	870-606	Power Siting Board	$ 89,656	$ 265,923	$262,573	$ 319,839	21.81%	$ 337,210	5.43%
560	870-607	Special Assessment	$ 26,188	$ 11,710	$92,378	$ 100,000	8.25%	$ 100,000	0.00%
587	870-609	Utility Forecasting	$ 991,477	$ 95		$ 0	N/A	$ 0	N/A
638	870-611	Biomass Energy Program	$ 54,696	$ 48,358	$18,707	$ 40,000	113.82%	$ 40,000	0.00%
661	870-612	Hazardous Materials Transportation	$ 548,085	$ 994,810	$1,007,136	$ 800,000	-20.57%	$ 800,000	0.00%
664	870-613	Radiological Preparedness Board	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4A3	870-614	Grade Crossing Protection Devices-Stat	$ 900,957	$ 520,640	$1,146,424	$ 1,311,986	14.44%	$ 1,349,757	2.88%
4L8	870-617	Pipeline Safety-State	$ 140,589	$ 146,098	$143,321	$ 177,323	23.72%	$ 187,621	5.81%
4S6	870-618	Hazardous Material Registration	$ 499,058	$ 385,578	$319,363	$ 449,927	40.88%	$ 464,325	3.20%
4T1	870-619	Hazardous Wastes Background Investi	$ 0	----		----	N/A	----	N/A
4U8	870-620	Civil Forfeitures	$ 168,674	$ 192,055	$219,554	$ 269,426	22.72%	$ 284,986	5.78%
4S6	870-621	Hazardous Materials Base State Registr	$ 298,845	$ 257,745	$339,455	$ 364,240	7.30%	$ 373,346	2.50%
State Special Revenue Fund Group Total			**$ 3,718,225**	**$ 2,823,012**	**$ 3,548,911**	**$ 3,836,741**	**8.11%**	**$ 3,941,245**	**2.72%**

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
PUC Public Utilities Commission of Ohio							
4G4 870-616 Base State Registration Program	$ 5,989,159	$ 6,026,204	$5,884,925	$ 6,500,000	10.45%	$ 6,500,000	0.00%
Agency Fund Group Total	**$ 5,989,159**	**$ 6,026,204**	**$ 5,884,925**	**$ 6,500,000**	**10.45%**	**$ 6,500,000**	**0.00%**
R20 870-610 Motor Carrier Refunds	$ 34,088	$ 0		$ 0	N/A	$ 0	N/A
Holding Account Redistribution Fund Group Total	**$ 34,088**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
Public Utilities Commission of Ohio Total	***$ 40,067,825***	***$ 41,850,474***	***$ 44,640,665***	***$ 53,930,590***	***20.81%***	***$ 53,588,268***	***-0.63%***

- LTIP provides $150 million in funding for local road and bridge projects over the biennium
- New duties assigned by H.B. 3 for Clean Ohio

Public Works Commission

Ross Miller, Economist

Role

The Public Works Commission is responsible for the implementation of two programs that assist local governments in financing infrastructure projects: the State Capital Improvements Program (SCIP) and the Local Transportation Improvements Program (LTIP). The agency's role was recently expanded into supporting local environmental cleanup projects as part of the Clean Ohio program with the passage of H.B. 3 of the 124th General Assembly.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
13	$212.9 million	$230.6 million	$137.3 million	$152.9 million	Sub H.B. 73 Am. Sub H.B. 94 Am. Sub H.B. 3

Note: these numbers differ from the accompanying spreadsheet because of the appropriations contained in H.B. 3 of the 124th G.A.

Overview

The Public Works Commission (PWC) plays a key role in administering two state programs that support local government efforts to upgrade capital infrastructure. The first program, the Local Transportation Improvement Program (LTIP), provides grants to pay for part (or all) of a local road or bridge project. The State Capital Improvements Program (SCIP) provides low-interest loans and grants to local governments for funding of transportation infrastructure projects, water treatment and distribution projects, waste water collection and treatment projects and storm sewer systems. H.B 3 of the 124th General Assembly assigned certain new duties to the agency, which are described separately below.

The PWC works with 19 District Public Works Integrating Committees (DPWICs) located throughout the state in determining which projects to fund. Members of each DPWIC are appointed by local officials, or by other members of the DPWIC, in accordance with section 164.04 of the ORC. They receive applications for specific projects from local governments, and evaluate and prioritize those projects. The committees forward their prioritized project lists to the PWC, which then determines how many of the projects can be funded given the program's resources.

The agency's budget, taken as a whole, increased by 208.7 percent from FY 2001 to FY 2002, and by 8.3 percent from FY 2002 to FY 2003, but this is somewhat misleading. The very large increase from FY 2001 to FY 2002 is almost entirely due to a shift of the debt service for the SCIP from the budget of the Commissioners of the Sinking Fund to the budget of the PWC. Adjusting for this accounting change makes the increase in the agency's budget only 5.9 percent from FY 2001 to FY 2002. Even this smaller increase from FY 2001 to FY 2002 is due entirely to funding for the two major programs, and to new programming. The operating budget for administering the two continuing programs actually fell by 7.5 percent from FY 2001 to FY 2002, though it increased by 6.1 percent from FY 2002 to FY 2003. With the new duties assigned by H.B. 3, the operating budget increased by 11.0 percent from FY 2001 to FY 2002, and by 6.1 percent from FY 2002 to FY 2003.

BUDGET ISSUES

NEW DUTIES UNDER CLEAN OHIO PROGRAM

H.B. 3 of the 124th General Assembly implemented the Clean Ohio Program, expanding the scope of the agency's duties in the process. The bill assigns the role of accepting applications for and prioritizing brownfield revitalization projects to the 19 District Public Works Integrating Committees (DPWICs) around the state. Each DPWIC may forward up to six such projects to the Clean Ohio Council housed at the Department of Development, where projects will be selected on a statewide competitive basis. The bill also empowers each DPWIC to appoint an 11-member Natural Resources Assistance Council, which will collect, review, and prioritize conservation projects within its respective district. These projects will be forwarded to the agency and administered in the same manner that SCIP and LTIP projects are administered. The bill authorizes the issuance of $50 million in general obligation bonds, of which PWC will use up to $37.5 million, during each of the next four fiscal years to pay for these conservation projects.

The agency anticipates hiring one additional staff person in order to fulfill the new duties. H.B. 3 increased appropriations to the agency by $271,987 in FY 2002 and by $288,459 in FY 2003 to pay the operating costs associated with these new duties.

CONTINUING PROGRAMS—SCIP AND LTIP

H.B. 73 of the 124th General Assembly provided funding for the Local Transportation Improvement Program (LTIP), and for the agency's operating expenses (for continuing programs). The LTIP receives a share of the motor vehicle fuel tax revenue, equivalent to one penny of the twenty-two cent per gallon tax, to finance local transportation infrastructure projects. The bill appropriated $74,000,000 in FY 2002 and $76,000,000 in FY 2003, based on estimated tax receipts, to fund the LTIP. The bill also appropriated $1,359,937 in FY 2002 and $1,442,296 in FY 2003 for the agency's operating budget.

The State Capital Improvements Program (SCIP) is financed in part by issuing bonds and in part by the proceeds of a revolving loan program. H.B. 94 contained the appropriation to cover the debt service on the bonds issued under the SCIP. Now located in the budget of the PWC, this debt service was appropriated in the budget of the Commissioners of the Sinking Fund prior to this biennium. This appropriation amounted to $135,693,200 in FY 2002 and $146,210,200 in FY 2003.

The agency's operating budget has been funded by investment earnings on the SCIP Fund 038 and by a small portion of the one-cent allocation from the motor vehicle fuel tax that funds the LTIP. In the past, approximately 70 percent of agency operating costs were paid for by the SCIP and 30 percent by the LTIP. With the additional responsibilities and funding provided by H.B. 3, the agency anticipates that approximately 60 percent of agency operating costs will be paid from SCIP, 20 percent from LTIP, and 20 percent from the Clean Ohio Conservation Fund created by H.B. 3.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Transportation Budget**	*Version:* **Enacted**						
PWC Public Works Commission							
038 150-321 Operating Expenses	$ 893,784	$ 850,325	$759,689	$ 958,456	26.16%	$ 1,016,207	6.03%
Local Infrastructure Improvement Fund Group Total	**$ 893,784**	**$ 850,325**	**$ 759,689**	**$ 958,456**	**26.16%**	**$ 1,016,207**	**6.03%**
052 150-402 Local Transportation Improvement Prog	$ 382,972	$ 348,789	$322,736	$ 401,481	24.40%	$ 426,089	6.13%
052 150-701 Local Transportation Improvement Prog	$ 54,279,283	$ 64,664,422		$ 74,000,000	N/A	$ 76,000,000	2.70%
Local Transportation Improvement Program Fund Grou	**$ 54,662,255**	**$ 65,013,211**	**$ 322,736**	**$ 74,401,481**	**22,953.39%**	**$ 76,426,089**	**2.72%**
Public Works Commission Total	***$ 55,556,039***	***$ 65,863,536***	***$ 1,082,424***	***$ 75,359,937***	***6,862.14%***	***$ 77,442,296***	***2.76%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
PWC Public Works Commission							
056 150-403 Operating Expenses	----	----		$ 271,987	N/A	$ 288,459	6.06%
Clean Ohio Revitalization Fund Total	**----**	**----**	**----**	**$ 271,987**	**N/A**	**$ 288,459**	**6.06%**
GRF 150-904 Conservation General Obligation Debt	----	----		$ 1,595,000	N/A	$ 6,695,000	319.75%
GRF 150-907 State Capital Improvements G.O. Debt	----	----		$ 135,693,200	N/A	$ 146,210,200	7.75%
General Revenue Fund Total	**----**	**----**	**----**	**$ 137,288,200**	**N/A**	**$ 152,905,200**	**11.38%**
Public Works Commission Total	----	----	----	***$ 137,560,187***	***N/A***	***$ 153,193,659***	***11.36%***

- $2.5 million revenue cap on Operating Fund removed
- Revenue increases to Operating Fund and Standardbred Development Fund

Ohio State Racing Commission

Kerry Sullivan, Budget Analyst

ROLE

The Ohio State Racing Commission (RAC) regulates and promotes the horse racing industry in Ohio. The commission prescribes the rules, regulations, and conditions under which horse racing with pari-mutuel wagering may be conducted, and is responsible for governing Ohio's seven commercial racetracks and over sixty county fairs. Among the commercial racetracks are three thoroughbred tracks (Beulah Park, River Downs, and Thistledown) and four standardbred or harness racing tracks (Lebanon, Northfield Park, Scioto Downs, and Raceway Park).

As a means of promoting the horse racing industry, the commission provides purse subsidies and supplements that encourage breeding and racing. It also provides equine research funds to the OSU testing lab, a recognized pioneer in the areas of research and testing.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
48	$27.2 million	$29.4 million	$0	$0	Am. Sub. H.B. 94

OVERVIEW

With the exception of one line item funded through a holding account redistribution fund, the Racing Commission's budget consists of state special revenue funds. The source of these funds is various license fees and a percentage of all moneys wagered on all races in the state (with the exception of those sponsored by fairs and agricultural societies).

Appropriations for FY 2002 total $27,177,108. This amount is $2,663,961 more than the total appropriated in FY 2001, a 10.9 percent increase. Actual expenditures in FY 2001, however, totaled $29,002,630, or 6.7 percent more than FY 2002 appropriations. Appropriations for FY 2003 total $29,396,274. This amount is $2,219,166 greater than FY 2002, an 8.2 percent increase.

Most of the disparity between FY 2001 appropriations and expenditures is accounted for in line item 875-607, Simulcast Horse Racing Purse. The line item is used to collect and distribute revenues associated with simulcast horse racing, which over the years has increased both in popularity and in total wagers. In FY 2001, expenditures for this line item were expected to be near $14 million, but actually surpassed $18.7 million. Appropriations for FY 2002 have been set at $16.3 million.

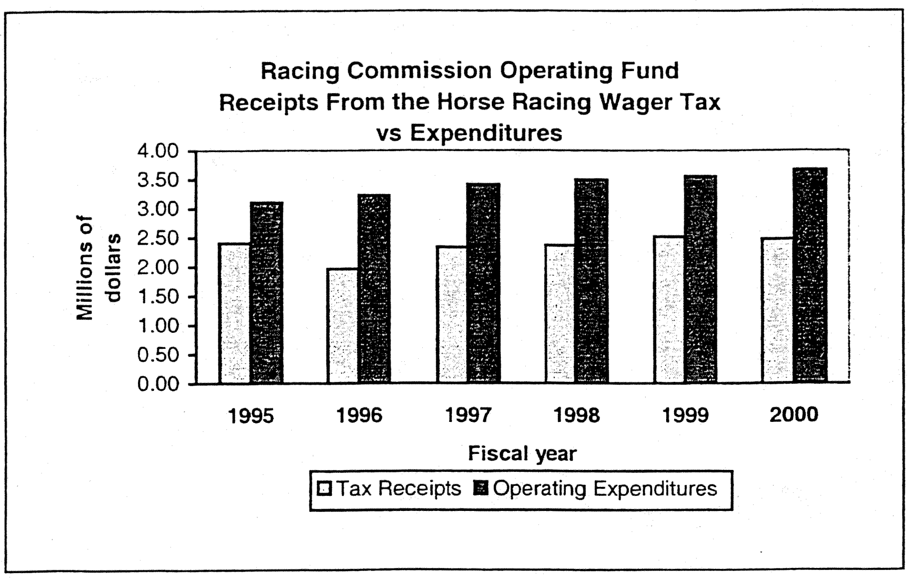
BUDGET ISSUES

FUND REVENUE INCREASES

Racing Commission Operating Fund

The primary source of funding for the administrative and regulatory responsibilities of the Racing Commission is the Racing Commission Operating Fund. Statutorily defined percentages taken from Ohio's horse racing wager tax account for approximately 70 percent of this fund's total revenue. Under Am. Sub. H.B. 561 of the 121st General Assembly, 25 percent of the taxes levied on thoroughbred, standardbred, and quarterhorse racing permit holders must be paid to the PASSPORT Fund.[17] After payment is made to the PASSPORT Fund, any remaining moneys are distributed to the Ohio Fairs Fund, Ohio Thoroughbred Fund, Ohio Standardbred Development Fund, Ohio Quarterhorse Fund, and state Racing Commission Operating Fund. Under prior law, each of these five funds got a proportionate share of the total horse racing wager tax, with the exception of the Racing Commission Operating Fund; total revenue could not exceed $2.5 million for that fund in any calendar year. Am. Sub. H.B. 94 removes this $2.5 million cap.

In addition to removing the revenue cap, a second provision of Am. Sub. H.B. 94 requires all racing permit holders to retain one-half of one percent of all moneys wagered on exotic wagering per day, then remit one-half of that amount for payment into the Racing Commission Operating Fund. Based on calendar year 2000 wagers, this will provide for approximately $1 million in additional revenue for the Operating Fund.



Taken together, these provisions will allow revenues coming into the Racing Commission Operating Fund to more closely match expenditures. The fund has been operating at a deficit for the past several years, as the chart above shows.

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[17] PASSPORT is a home and community-based Medicaid Waiver program that enables older persons who are in need of a nursing home level of care to stay at home by providing them with in-home services.

Standardbred Development Fund

Another provision of Am. Sub. H.B. 94 requires that any fees assessed for or on behalf of the Ohio Sires Stakes Races be paid into the Standardbred Development Fund and that all investment earnings on the cash balance in the fund be credited to it. These fees include "nominating" and "sustaining" fees, which are paid by horse owners in February and April of each year in order to qualify a horse for admittance into the Sires Stakes races. Each fee is $250. Based on the calendar year 2000 Ohio Sires Stakes Races season, total fees generate approximately $650,000. Previously, these fees were deposited into a private bank account, which was administered by the Racing Commission. Under Am. Sub. H.B. 94, the fees will be credited directly to the Standardbred Development Fund, and will be used to support Ohio Sires Stakes Races purse moneys.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

RAC Racing Commission, Ohio State

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
562	875-601	Thoroughbred Race Fund	$ 4,455,820	$ 4,304,915	$4,042,341	$ 4,529,149	12.04%	$ 4,642,378	2.50%
563	875-602	Standardbred Development Fund	$ 1,711,885	$ 2,055,663	$2,106,207	$ 2,022,797	-3.96%	$ 2,200,810	8.80%
564	875-603	Quarter horse Development Fund	$ 0	$ 3,000		$ 1,000	N/A	$ 1,000	0.00%
565	875-604	Racing Commission Operating	$ 3,563,217	$ 3,666,266	$3,907,925	$ 4,109,513	5.16%	$ 4,314,143	4.98%
5C4	875-607	Simulcast Horse Racing Purse	$ 15,495,089	$ 16,482,778	$18,756,307	$ 16,301,749	-13.09%	$ 18,025,043	10.57%
State Special Revenue Fund Group Total			**$ 25,226,011**	**$ 26,512,622**	**$ 28,812,780**	**$ 26,964,208**	**-6.42%**	**$ 29,183,374**	**8.23%**
R21	875-605	Bond Reimbursements	$ 112,200	$ 149,775	$189,850	$ 212,900	12.14%	$ 212,900	0.00%
Holding Account Redistribution Fund Group Total			**$ 112,200**	**$ 149,775**	**$ 189,850**	**$ 212,900**	**12.14%**	**$ 212,900**	**0.00%**
Racing Commission, Ohio State Total			***$ 25,338,211***	***$ 26,662,397***	***$ 29,002,630***	***$ 27,177,108***	***-6.29%***	***$ 29,396,274***	***8.17%***

- State Share of Instruction increases by 0.6% in each fiscal year. Challenges are reduced from their FY 2001 levels.
- Tuition/fee caps are eliminated.
- Selected student financial aid programs continue growth.
- New initiative: Appalachian New Economy Partnership
- Studies required: Regents' subsidy allocation formulas; Ohio Plan funding

Ohio Board of Regents

David Price, Senior Analyst

ROLE

The Ohio Board of Regents (BOR, or Regents) coordinates higher education in Ohio. Its primary missions are to distribute funds to state-assisted higher education institutions and to promote Ohioans' access to higher education for career preparation and advancement, economic and social mobility, and personal intellectual development. The regents are ultimately responsible for ensuring that the state's higher education enterprise has the resources, direction, and incentives to efficiently and effectively create, disseminate, and apply knowledge.

The BOR is governed by a nine-member board appointed to nine-year terms by the Governor with the advice and consent of the Senate. Two additional (non-voting) members of the board are the chairmen of the education committees of the Senate and House of Representatives. Day-to-day administration of Regents is the responsibility of a chancellor, who is appointed by the board and is the BOR's chief administrative officer.

Regents is responsible for 62 state-assisted colleges and universities throughout Ohio: 13 universities, 24 university regional campuses, two separate medical colleges, 15 community colleges, and eight technical colleges. For these institutions, the regents have statutory authority to coordinate, recommend, advise, and direct state higher education policy.

Regents' annual budget amounts to some $2.6 billion (FY 2002) currently appropriated across some 79 line items, 66 of which are funded by the state's General Revenue Fund (GRF). The line items are organized into 11 program series, which are groupings of similarly oriented appropriations. The great majority of Regents' budget is taken up by just one of these program series, Core Institutional Support (Program Series 1); its appropriation for FY 2002 is $1.80 billion. In turn, the great majority of this program series' total appropriation is taken up by just one line item, the State Share of Instruction (formerly called the Instructional Subsidy), which provides general operating support to all state-assisted colleges and universities; its appropriation for FY 2002 is $1.66 billion.

Agency in Brief					
Number of Employees	Total Appropriations-All Funds		Total GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
83	$2,575.0 million	$2,597.0 million	$2,565.1 million	$2,589.2 million	Am. Sub. H.B. 94

Besides the State Share of Instruction, additional funding under Program Series 1 is provided to campuses by means of several special mission-oriented, performance-based "Challenge" line items, including the Jobs, Access, Success, Research, and Productivity Improvement Challenges, and Computer Science Graduate Education (formerly called Priorities in Graduate Education).

OVERVIEW

APPROPRIATIONS OVERALL

The Board of Regents' budget for the FY 2002-FY 2003 biennium is one of little change, with total appropriation increases of less than two percent for FY 2002 and less than one percent for FY 2003. However, several new initiatives are included.

As can be seen from the table above, Regents is funded at $5.17 billion over the FY 2002-FY 2003 biennium, for a 4.2 percent ($207.6 million) increase over the $4.96 billion of the previous biennium. However, the agency's total annual appropriation increases are just 1.93 percent and 0.86 percent for FYs 2002 and 2003, respectively. (These percentage increases compare to the executive's estimated Consumer Price Index inflation rates of 2.5 percent and 2.8 percent for these two fiscal years.)

The General Revenue Fund (GRF) appropriations increase by 1.86 percent and 0.94 percent, respectively, for a biennial increase of $203.5 million, or 4.1 percent. The GRF total appropriation again constitutes 99.7 percent of the 79-line budget's total appropriation.

SIGNIFICANT APPROPRIATION ITEMS

State Share of Instruction: Almost 65 percent of the budget is taken up by just one line item, the State Share of Instruction (SSI), which is the main source of direct aid to the state-assisted colleges and universities. The SSI increases by just 1.85 percent and 0.58 percent in FY 2002 and FY 2003, respectively, to $1.66 billion in FY 2002 and $1.67 billion in FY 2003. The SSI total biennial appropriation of $3.33 billion represents an increase of 3.0 percent, or $97.5 million, which is 47 percent of the BOR's total budget increase. The appropriated SSI funds are allocated by formula among the individual institutions; however, under the budget's annual hold-harmless provision, each campus is guaranteed that its SSI allocation for each year of the biennium will not be less than the amount received in the previous year.

Challenges: After seeing triple-digit increases in the previous biennium, the Challenge programs' appropriation increases are limited for the new biennium, although they are still significant. The combined biennial appropriations of the five main Challenges (the Jobs, Access, Success and Research Challenges, and Computer Science Graduate Education) increase by 20.7 percent, from $236.9 million in the previous biennium to $285.9 million in the new one. This $49.0 million increase comprises almost 24 percent of the $207.6 million biennial increase for BOR. Challenge line items amounted to 4.8 percent of total BOR spending in the last biennium; the new budget devotes 5.5 percent of the total to these items.

Tuitions and fees: The budget eliminates the tuition/fee caps, which had limited the institutions' abilities to increase in-state undergraduate tuitions and fees. The caps had been set at six percent per year for university main campuses (four percent per single vote of a board of trustees) and three percent per year for two-year and university branch campuses. Note that the budget frees the campuses to raise their own tuitions and fees at the same time that it holds the campuses' annual increases in the state's main subsidy (the SSI) to less than one percent per year.

Student financial aid: Most of the student financial aid programs, including the Ohio Instructional Grants and Student Choice programs, are either flat-funded or given small increases for the new biennium. The major exceptions are the Ohio Instructional Grants, with increases of 15 percent and 14 percent in the two fiscal years; the War Orphans Scholarships, with increases of 25 percent and 3 percent; and the Ohio National Guard Scholarship Program, with increases of 50 percent and zero percent. The appropriation changes generally reflect increases in the grant amounts, improved forecasting methods and/or changes in the anticipated numbers of participating students.

Agricultural, medical, Central State University: Spending on each of the two major agricultural programs is increased by 1.0 percent in FY 2002, then held at that level for FY 2003. For both line items combined the biennial increase is 2.9 percent, to $132.9 million. Medical school subsidies also remain relatively flat for the biennium, with most items receiving 1.0 percent increases in FY 2002 and then being held almost flat at $75.5 million for FY 2003; there are minor increases and decreases among the 14 line items, although Human Services Project (discussed under Program Series 3, below) receives a significant increase. The combined biennial increase is 3.2 percent, to $150.9 million. The Central State Supplement remains essentially flat for each year at its FY 2001 level of $12 million.

Debt service: Beginning with the new biennium, the state's contributions to the higher education institutions' capital construction projects will be financed by general obligation bonds instead of the special obligation (revenue) bonds that have been issued to the present time, since the general obligation instruments are expected to achieve lower interest rates. The special obligation bond issues have, therefore, been discontinued. To service the new type of debt, a new line item is created, 235-909, Higher Education General Obligation Debt Service, to complement the existing special obligation debt service line item, 235-401, Lease-Rental Payments. The latter's appropriations will decline over time, reaching zero in FY 2014, when the last of the special obligation bonds will be retired. For these two line items combined the total debt service appropriation increases by 1.1 percent to $688.4 million for the biennium.

NEW INITIATIVES AND APPROPRIATION ITEMS

The budget establishes the following new initiatives and appropriation items for the biennium:

Appalachian New Economy Partnership: This new program, 235-428, Appalachian New Economy Partnership, receives $1.0 million and $1.5 million in FYs 2002 and 2003, respectively, to begin a multi-campus and multi-agency coordinated effort under the leadership of Ohio University to link Appalachia to the new economy. The program will support private/public technology partnerships in the 29 Appalachia counties.

Job Preparation Initiative: This new program, 235-613, Job Preparation Initiative, is designed to build the capacity of Ohio's two-year campuses to provide training and assessment services to public-assistance recipients to improve their employability.

Gear-up Grant: This new appropriation item, 235-611, Gear-up Grant, supports the national Gear-up program, a federal program that promotes college awareness in order to attract more students to college and to enhance the transition to higher education. The program encourages young people to stay in school, take challenging courses, and go on to college.

Perkins Grant: This new appropriation item, 235-612, Carl D. Perkins Grant/Plan Administration, supports the administration of the federal program established by the Carl D. Perkins Act, which provides the direction and funding to support the improvement of vocational, career, and technical education. In Ohio, this item supports the Tech Prep program, which is oriented toward vocational education.

Debt service: The budget establishes appropriation item 235-909, Higher Education General Obligation Debt Service, to provide funds to service this new category of debt, general obligation bonds, which replaces the revenue bonds that had been used to finance Regents' and the institutions' capital expenditures. (See the previous section.)

Ohio Plan Study Committee: The executive version of the budget had proposed the Ohio Plan (235-426), with funding of $10 million and $30 million in FYs 2002 and 2003, respectively, to promote economic growth through public/private research, development, and commercialization initiatives in the fields of biotechnology, nanotechnology and information technology. The enacted budget excludes funding for the plan but establishes the Ohio Plan Study Committee, a joint executive/legislative group that is to determine appropriate ways to fund what it calls the Ohio Plan for Technology and Development. Administrative support for the committee is to be provided by the BOR. The committee will report to the Governor and the General Assembly by December 31, 2001.

Instructional Subsidy and Challenge Review Committee: The budget establishes this joint executive/legislative/institutional committee to perform "a comprehensive review of the allocation formula for the State Share of Instruction appropriation item as well as all of the 'Challenge' appropriation items contained in the Board of Regents' budget." The committee will report to the General Assembly not later than December 31, 2001.

Science and Technology Collaboration: The budget bill calls for the BOR to collaborate with the Department of Development, the Biomedical Research and Technology Transfer Commission, and the Technology Action Board in the management of twelve specified appropriation items concerned with research, development and technology, as well as other technology-related appropriations and programs in Development and Regents. The purpose of this joint effort is "to ensure implementation of a coherent state strategy with respect to science and technology." The twelve appropriation items will be reviewed annually by the Technology Action Board with respect to their development of "complementary relationships within a combined state science and technology investment portfolio and its overall contribution to the state's science and technology strategy." The annual review will be a comprehensive review of the entire state science and technology program portfolio rather than a review of individual programs.

ELIMINATED APPROPRIATION ITEMS

The new budget discontinues appropriations for several items that were funded in the previous budget and/or for which disbursements were made in the two previous fiscal years:

- 235-416, Performance Challenge (Program Series 1): The appropriation supported the implementation of the two-year Campus Service Expectations program, which was intended to improve access for every Ohio citizen by ensuring that two-year campuses provided a minimum array of needed educational services. This program was eliminated in FY 2001 in favor of providing more funding to 235-415, Jobs Challenge.
- 235-421, Higher Education Efficiency Challenge (Program Series 7): The appropriation supported a competitive grant program administered by the Board of Regents for institutions that submitted winning plans for improving their operational efficiencies.
- 235-451, Eminent Scholars (Program Series 1): The appropriation supported matching endowment grants to campuses for the purpose of attracting and sustaining scholar-leaders of national or international prominence who would assist the state in improving its economic development, strengthening its system of K-12 education, and improving public health and safety.
- 235-518, Capitol Scholarship Programs (Program Series 4): (However, temporary language is added to permit the Chancellor of the Board of Regents to provide up to 125 scholarships of $2,000 each to Ohio students by transferring any funds from any appropriation within the budget

of the Board of Regents that the chancellor determines to be unused and available, not to exceed $250,000 in any fiscal year.) The appropriation supported scholarships for Ohio full-time higher education students to attend internships in Washington, D.C. The internships are sponsored by the Washington Center of Internships and Academic Seminars.

- 235-523, Center for Labor Research (Program Series 6): This appropriation supported the Center for Labor Research at the Ohio State University. The center focuses on labor education through research and educational programs.
- 235-590, Twelfth-grade Proficiency Stipend (Program Series 4): This appropriation supported the program to pay $500 for the benefit of each 12th-grade student who passed all five parts of the 12th-grade proficiency test and then went on to higher education. The last stipend under this program will be paid in FY 2001.

Staffing

Staffing at the Board of Regents included a total of 80 persons near the end of FY 2001. It is expected to reach a level of 83 during FY 2003.

Budget Issues

Core Institutional Support (Program Series 1)

For the FY 2002-FY 2003 biennium this program series' total appropriation increases by $146.5 million, or 4.2 percent over that of the previous biennium, to $3.61 billion. The annual increases for the two fiscal years are 1.29 percent and 0.54 percent, respectively. For the biennium, Program Series 1 comprises 69.9 percent of the total BOR budget and 70.5 percent of the agency's biennial budget increase.

This program series is the state's primary financial support to higher education in Ohio. Its programs comprise several line items that provide operating subsidies to Ohio's state-assisted higher education institutions, thereby giving basic state support for instruction and general activities on the campuses. The series' component line items are the State Share of Instruction (formerly called the Instructional Subsidy), with more than 92 percent of the series' budget, and the Challenge programs. The latter line items support several activities not funded through the State Share of Instruction; their appropriations are allocated to the campuses by formulas different from that used for the SSI allocation.

Budgeted line items

235-415 Jobs Challenge
235-418 Access Challenge
235-420 Success Challenge
235-454 Research Challenge
235-501 State Share of Instruction
235-554 Computer Science Graduate Education (formerly called Priorities in Graduate Education)

Eliminated line items

In this program series, fundings for appropriation items 235-416, Performance Challenge; 235-421, Higher Education Efficiency Challenge; and 235-451, Eminent Scholars, were eliminated from the FY 2002-FY 2003 biennial budget vs. the previous budget.

State Share of Instruction, annual hold harmless provision, and tuition caps

State Share of Instruction appropriation

The State Share of Instruction (SSI) appropriations are $1.659 billion and $1.669 billion for FY 2002 and FY 2003, respectively, for annual increases of 1.85 percent and 0.58 percent, and a biennial increase of $97.5 million, or 3.02 percent. The executive budget contained higher appropriations for the two years, $1.68 billion and $1.72 billion, respectively, for annual increases of 3.2 percent and 2.0 percent; but these were reduced to the indicated levels before enactment.

At the enacted levels of funding, this single line item again accounts for approximately 92.1 percent of the Program Series 1 biennial appropriation (down from 93.2 percent in the previous biennium) and 64.3 percent of the Board of Regents' total budget. Further, with an increase of $97.5 million, this item takes the biggest share (47 percent) of Regents' total biennial budget increase of $207.6 million.

The State Share of Instruction (SSI) supports all of Ohio's public-assisted higher education institutions in their efforts to reduce the tuitions and fees charged to students. It is intended to partially offset the cost of a college education for Ohio residents attending Ohio's state-assisted institutions. These institutions give due consideration to the instructional subsidy amounts allocated to them when determining the tuition levels they will charge; they look to the subsidies to enable them to restrain tuition increases in order to ensure their students' financial access to higher education.

Allocations of the State Share of Instruction

The allocations of the State Share of Instruction appropriations to the individual institutions for each year of the new biennium are provided by the table, State Share of Instruction by Institution, at the end of this section. It should be noted that the SSI allocation formula will be the subject of a study to be performed by a special committee created by this budget. The committee is described later in this section.

Description of the formula: The allocations of SSI funds are determined by a formula that encompasses enrollment, campus space and activities, and certain institutional costs and other factors. The formula is maintained and implemented by the board, which updates it periodically in consultation with the colleges and universities in order to better support statewide higher education goals.

The formula divides the SSI allocation into two main expenditure areas: (1) the "aggregate expenditure" area, containing two expenditure categories, one for instruction/support services and one for student services; and (2) the "plant operation and maintenance" (POM) area, also with two expenditure categories, one for campus building spaces and one for student activities. All categories except the one for building spaces allocate portions of the SSI appropriation based on student enrollments (FTE's); the space category uses square-footages of campus buildings.

To allocate the instruction/support services portion of the appropriation across each campus's range of student curriculums, the formula uses a group of fourteen non-doctoral program expenditure (curriculum) models. The budget sets a dollar subsidy amount per student enrollment FTE for each model, specific to each category. Simply stated, multiplying a model's dollar amount by the campus's FTE for that model gives the model's total expenditure; the total expenditures for the fourteen models are added to give the campus's total formula expenditure for that category. This approach, albeit with different dollar amounts for the fourteen models, is used for the other two enrollment-based allocation categories, student services and student activities.

For the space category, instead of the fourteen program expenditure models, the formula uses seven types of campus space (classrooms, laboratories, offices, etc.). The budget sets a dollar subsidy amount per square foot for each type of floor space. Then a campus's square footage for each type is multiplied by that type's dollar amount. The totals for the seven types of space are added to give the campus's total subsidy for the space category.

After calculating a campus's total for each of the four expenditure categories, the formula then combines these four amounts into an aggregate expenditure amount. From this aggregate amount it then subtracts the amount of revenues, in the form of student tuitions and fees, that the campus will be assumed to collect during the academic year. The resultant amount is the campus's shortfall of revenues from expenditures; this shortfall amount is the amount to be subsidized by payments from the State Share of Instruction appropriation.

In general, the instruction/support services category allocates about 80 percent of the total SSI appropriation. Thus, the allocation of the SSI subsidy is heavily weighted toward enrollment.

The FY 2002-FY 2003 biennium: For the new biennium the allocation formula for the instruction/support services category increases the dollar amount per FTE in each fiscal year for each of the 14 non-doctoral program expenditure models. These amounts are increased from the FY 2001 amounts by 4.4 percent for the Technical II model to 19.1 percent for General Studies I. The three General Studies models receive the largest increases, followed by the three Masters and Professional models.

The formula also revises the student services category by allowing a different dollar amount for each of the 14 program expenditure models. Previously the formula for this component used a common dollar amount for all 14 models. While the dollar amounts do vary by model in FY 2002, they again are the same for FY 2003. The increase from the FY 2001 common amount of $594 to the FY 2003 level of $747 is 25.8 percent.

For the POM student activity-based subsidy, the budget increases, for each fiscal year, the dollar subsidy amount for each of the 14 non-doctoral program expenditure models. The increases among these models range from 3.2 percent to 29.1 percent for FY 2002 and from 3.2 percent to 16.9 percent for FY 2003. In general, the largest increases are given to the Masters and Professional II and III models; the smallest increases are given to the Baccalaureate I and III and the two Medical models. As before, the budget includes a hold-harmless provision in the calculation of the POM subsidy for each campus. The provision calls for the POM subsidy to be the greater of the space-based subsidy category and the activity-based subsidy category.

For the space category, the formula's dollar amount per square foot for each of the seven types of space shows little or no change from FY 2001 to FY 2002; however, each type of space is given a 4.2 percent increase for FY 2003.

The MPD I model: For the new biennium the allocation formula creates a new program expenditure model, called the Blended MPD I model, to include the education and business masters-degree curriculums. These curriculums had been included in both masters and doctoral models. The new model, to be subsidized at a lower-than-doctoral level of allocation, is intended to keep these two curriculums' subsidies appropriate to their scholastic statuses and costs. It will also preserve funds for the true doctoral programs. As a transition, for the first two years the dollar subsidy amount for this new model will be a blend of the masters and doctoral dollar amounts. The addition of this new model increases the number of non-doctoral program expenditure models to 14.

The doctoral subsidy: The method of subsidizing doctoral programs continues to change. The previous biennium's budget started the change by setting aside approximately ten percent of the SSI appropriation for the two doctoral program models. For the allocation of the ten percent amount (called the doctoral reserve), the BOR used a different method of averaging the universities' Doctoral I and Doctoral II FTE's, as recommended by the Graduate Funding Commission. This reserve method partially uncouples doctoral funding from the most recent doctoral enrollments

Besides creating the doctoral reserve, the previous budget created a "reallocation" of the reserve by setting aside a small part of it (two percent in FY 2001) to fund special investments in doctoral programs through a competitive process, again as recommended by the Graduate Funding Commission.

For the new biennium, as planned, the budget revises downward the percentage of the State Share of Instruction that is to be reserved for subsidizing doctoral students' education. The reserve's proportion is reduced from 10.75 percent in FY 2001 to 10.34 percent in both FY 2002 and FY 2003. The allocation of this doctoral reserve among the universities is again made according to the new method, as applied to the universities' Doctoral I and Doctoral II FTE's.

Further, the reallocation percentage is set at zero percent for FY 2002 and two percent for FY 2003. However, the new budget prohibits any such reallocation in a fiscal year in which the total SSI appropriation fails to increase by at least 3.0 percent over the previous year's appropriation. Since the budget's SSI appropriation increases by less than 3.0 percent in each year, the reallocation will not take place in either fiscal year of the biennium.

Enrollment data

In both years of the biennium, the formula will use the new all-terms enrollment data from the campuses, rather than the annualized (summer plus autumn) FTE's that had been used before the transition during the FY 1998-FY 1999 biennium. A campus will see its subsidy increase under the all-terms counts if its attrition rate is lower than the statewide average; on the other hand, its subsidy will decline if its attrition rate is higher than the statewide average.

Annual hold harmless provision

As a check on any adverse consequences to a campus that might arise from the SSI allocation formula, the budget again provides an exception to that formula's results. This is the annual hold harmless provision (formerly called the annual guaranteed funding increase) in temporary law. It guarantees each campus a subsidy for each of FY 2002 and FY 2003 that is "not less than 100 percent" of the previous year's subsidy.

However, the annual hold harmless provision will not be applied to a combined State Share of Instruction-plus-Challenges (Jobs, Access, Success, Research, and Computer Science Graduate Education) base amount as it was in the previous biennium. In the new biennium the 100 percent hold harmless guarantee will be applied only to the SSI. The previous base amount that included the Challenges had been used only for one biennium.

Tuition and fee caps

After many years in which the state imposed limitations, or caps, on the institutions' increases of in-state undergraduate tuitions and fees, the new biennium's budget eliminates all such caps.

The state has intended the State Share of Instruction to support all of Ohio's public-assisted higher education institutions in their efforts to reduce the tuitions and fees charged to students. It is intended to partially offset the cost of a college education for Ohio residents attending Ohio's state-assisted institutions. To that end, in previous years temporary law in BOR's budgets has limited the amounts by which the institutions may increase in-state undergraduate tuitions and fees; these limits have been reviewed and occasionally revised for each new biennium. Specifically, in the previous budget the limit in each academic year for two-year and university branch campuses was set at 3.0 percent. The cap for universities was 6.0 percent, as well as a 4.0 percent limit in a single vote of the board of trustees.

The Challenges

The Challenges as a whole are reduced 4.8 percent to $142.9 million for FY 2002, followed by just a 0.07 percent increase to $143.0 million for FY 2003. The biennial total of $285.9 million represents an increase of $49.0 million (20.7 percent) over the previous biennium; this percentage increase is greater than the annuals because the relatively low amount for FY 2000 ($86.9 million) contributes to a large increment to the new biennium.

Despite this curtailment of recent year-to-year increases in the Challenges, Regents continues in its plan to have these appropriation items take up about ten percent of the total core institutional support amount (Program Series 1) provided to the campuses. For the new biennium the Challenges' portion is 7.9 percent of this total, up from 6.8 percent in the previous biennium. However, this increase is a result primarily of the very small increase in the State Share of Instruction's appropriation in each of the biennium's two years, so that the Challenges' dollar increases, as well as their combined share of Program Series 1, appear larger than they might have.

The requirements that the Challenges place on the campuses are not intended to be restrictive but to provide rewards for meeting certain specific performance goals. Increasing the Challenges' appropriations toward the 10.0 percent objective will produce a total core institutional support that is based less on enrollment and more on campus performance.

Jobs Challenge

The appropriations are $10.1 million for FY 2002 and $10.2 million for FY 2003, for annual changes of -8.0 percent and +1.0 percent, respectively. The biennial increase amounts to $0.58 million, or 2.9 percent.

The Jobs Challenge is a program to recognize, reward, and improve noncredit job-related training provided by state-assisted colleges and universities. It is intended to help improve Ohio's economic competitiveness by building a more skilled workforce. The funds are allocated to each campus in proportion to its share of qualified non-credit job-related training expenditures. Added temporary law clarifies the General Assembly's intention that it is the "workforce development incentive component of the Jobs Challenge program" that is to reward the campuses' non-credit job-related training efforts.

Beginning in FY 2000, the subsidies have been available only to two-year campuses; university main campuses have been ineligible.

The several previous earmarks under this appropriation item have been revised for the new biennium: (1) $2,114,673 and $1,981,841 in FYs 2002 and 2003, respectively, will be distributed as performance grants to EnterpriseOhio Network campuses based on each campus's "documented performance" according to BOR criteria; (2) $3,130,087 and $2,875,953 in FYs 2002 and 2003 will go to the Targeted

Industries Training Grant Program "to attract, develop, and retain business and industry strategically important to the state's economy;" (3) In FY 2002 and FY 2003, $2,991,513 and $3,629,797 will be allocated to the Non-credit Incentives Grant Program "to reward two-year campuses for increasing the amount of non-credit skill upgrading services provided to Ohio employers and employees;" (4) Incentive funds of $1,863,726 and $1,712,409 in FYs 2002 and 2003 will be provided in support of local EnterpriseOhio Network Campus/Adult Workforce Education Center Partnerships.

Access Challenge

The appropriations are $62.3 million in each fiscal year, for a 4.8 percent reduction from the $65.4 million of FY 2001. These reduced amounts follow a significant expansion of this subsidy program during the previous biennium. Because of a much lower amount for FY 2000, the biennial increase is significant, amounting to $24.0 million or 23.9 percent. The biennial appropriation is 2.4 percent of the Regents' total budget and 3.4 percent of the Program Series 1 budget.

This line item is used to support the "access" campuses in their efforts to provide low-cost access to higher education for Ohio's residents. It is intended to help more Ohioans enroll in college by making tuition more affordable at these campuses. For the purposes of this Challenge, the access campuses include all state or state-assisted community colleges; technical colleges; regional campuses of state-assisted universities; distinct community-technical colleges located at the Universities of Cincinnati and Akron and at Youngstown State University; and Shawnee, Central and Cleveland State Universities.

For the FY 2002-FY 2003 biennium, this appropriation item's allocation formula is again changed (and simplified), although it is still based on enrollments. The budget language calls for the subsidies to be distributed by the Board of Regents "to eligible access campuses on the basis of each campus's share of fiscal year 1999 all-terms subsidy eligible General Studies FTEs." Specific to the formula, the previous enrollment adjustment for Cleveland State University is revised.

The new budget removes the previous budget's restraints on tuition increases for access campuses; this coincides with the elimination of all tuition and fee increase limitations for the new biennium.

Success Challenge

The appropriations are $47.0 million for each fiscal year, for a 3.4 percent reduction from the $48.7 million of FY 2001. These reduced amounts follow a significant expansion of this subsidy program during the previous biennium. Because of a much lower amount for FY 2000, the biennial increase is significant, amounting to $25.4 million or 36.9 percent. The biennial appropriation is 1.8 percent of the Regents' total budget and 2.6 percent of the Program Series 1 budget.

This line item is used to support universities' efforts to promote degree completion by at-risk students enrolled at state-assisted university main campuses. It is intended to help students whose chances of succeeding are reduced by the effects of their cultural, geographic, socioeconomic, or academic backgrounds.

As in the previous biennium, two-thirds of the appropriations will be allocated to the campuses "in proportion to each campus's share of the total statewide bachelor's degrees granted by university main campuses to "at-risk" students." Such students are undergraduates who have received Ohio Instructional Grants during the past ten years. The other one-third of the appropriations will be allocated to the campuses "in proportion to each campus's share of the total bachelor's degrees granted by university main campuses to undergraduate students who completed their bachelor's degrees in a "timely manner" in the previous fiscal year." The term "timely manner" is defined as the time normally taken by a full-time degree-seeking undergraduate to complete his degree, generally four years. Finally, each campus must submit to the Board of Regents a plan for the use of its Success Challenge funds, although the plans will not require board approval. The board is required to disseminate copies of the plans to all state-supported institutions.

Research Challenge

The appropriations are $20.0 million for each fiscal year, for a 6.7 percent reduction from the $21.4 million of FY 2001. The biennial total of $40.0 million amounts to a decline of $0.97 million, or 2.4 percent, from the previous biennium. The biennial appropriation is 0.77 percent of the Regents' total budget and 1.1 percent of the Program Series 1 budget.

These appropriations are used "to enhance the basic research capabilities" of institutions of higher education, "in order to strengthen academic research for pursuing Ohio's economic redevelopment goals." The funds can be used to increase research in two main ways: (1) they can improve the universities' abilities to attract external (i.e., sponsored) research dollars (accordingly, the funds also enhance the ability of independent research institutions to increase sponsored research); and (2) they can be used as seed money for basic and applied research, thereby fostering the development of new research strengths of critical importance to Ohio's economic growth.

The allocation of the funds is administered by the Board of Regents, which utilizes a method of matching, on a fractional basis, external funds attracted in the previous year by institutions for basic research.

Computer Science Graduate Education (formerly called Priorities in Graduate Education)

The appropriations are $3.48 million for each of the FYs 2002 and 2003, for a decline of 1.0 percent from the $3.52 million of FY 2001. The biennial total of $6.96 million amounts to a decline of $18,000, or 0.26 percent, from the previous biennium. The biennial appropriation is 0.13 percent of the Regents' total budget and 0.19 percent of the Program Series 1 budget.

This line item supports improvements in graduate programs in computer science at state-supported universities. The funds assist graduate schools' efforts to recruit faculty and staff, promote research and collaboration, purchase equipment, and make other investments in areas of doctoral education in the computer sciences, in which Ohio is under-invested.

The Board of Regents had intended to add life sciences (especially biomedical sciences) as a graduate program receiving this subsidy, which currently supports only the computer science programs. However, the life sciences provision was not included in the enacted budget. Accordingly, the descriptor of the appropriation item has been changed from Priorities in Graduate Education to Computer Science Graduate Education.

Instructional Subsidy and Challenge Review Committee

The budget, in section 192 of Am. Sub. H.B. 94, establishes this joint executive, legislative, and institutional committee to perform "a comprehensive review of the allocation formula for the State Share of Instruction appropriation item as well as all of the 'Challenge' appropriation items contained in the Board of Regents' budget." The committee will have eleven members: the chancellor, two representatives from the two-year colleges, two from the universities, and three members from each of the House and Senate. The committee will report to the General Assembly not later than December 31, 2001.

State Share of Instruction, as Allocated to the Institutions			
Institution	**FY 2001 Final SSI**	**FY 2002 Projected SSI**	**FY 2003 Projected SSI**
Universities			
AKRON	$92,310,328	$92,550,069	$92,550,069
BOWLING GREEN	$80,099,973	$82,393,209	$82,973,912
CENTRAL STATE	$6,378,183	$6,735,836	$6,735,836
CINCINNATI	$159,946,175	$159,943,108	$159,943,108
CLEVELAND ST.	$69,418,068	$71,145,980	$71,145,980
KENT STATE	$90,139,477	$91,172,076	$92,375,252
MCOT	$26,374,632	$26,374,632	$26,374,632
MIAMI	$65,980,864	$66,351,040	$66,351,040
NEOUCOM	$12,159,801	$12,312,174	$12,441,289
OHIO STATE	$319,066,879	$322,848,337	$322,848,337
OHIO	$111,811,015	$113,599,448	$113,772,977
SHAWNEE ST.	$10,971,683	$10,971,683	$10,971,683
TOLEDO	$88,751,712	$88,751,712	$88,751,712
WRIGHT STATE	$74,922,344	$76,826,558	$76,975,149
YOUNGSTOWN ST.	$45,792,577	$46,978,946	$46,978,946
Subtotal	$1,254,123,710	$1,268,954,808	$1,271,189,922
Branches			
AKRON-WAYNE	$3,225,700	$3,338,149	$3,325,557
BGSU-FIRELANDS	$3,528,160	$3,535,961	$3,535,961
KENT-ASHTABULA	$2,761,536	$2,808,651	$2,808,651
KENT-EAST LIVERPOOL	$2,113,826	$2,133,870	$2,133,870
KENT-GEAUGA	$1,036,895	$1,267,106	$1,391,313
KENT-SALEM	$2,206,095	$2,278,618	$2,305,310
KENT-STARK	$5,967,368	$6,491,391	$6,863,257
KENT-TRUMBULL	$4,710,781	$5,492,409	$6,368,737
KENT-TUSCARAWAS	$4,045,682	$4,075,973	$4,143,439
MIAMI-HAMILTON	$5,918,561	$6,143,543	$6,143,543
MIAMI-MIDDLETOWN	$6,693,540	$7,196,116	$7,196,116
OSU-LIMA	$3,928,116	$4,144,487	$4,176,185
OSU-MANSFIELD	$4,180,176	$4,403,313	$4,403,313
OSU-MARION	$3,441,787	$3,555,276	$3,555,276
OSU-NEWARK	$4,922,401	$5,461,745	$5,478,373
OU-CHILLICOTHE	$4,193,763	$4,196,399	$4,196,399
OU-EASTERN	$3,214,472	$3,571,695	$3,758,105
OU-LANCASTER	$4,213,039	$4,262,605	$4,262,605
OU-SOUTHERN	$4,075,286	$4,665,422	$4,815,481
OU-ZANESVILLE	$3,605,417	$4,235,560	$4,748,710
UC-CLERMONT	$4,089,613	$4,142,176	$4,204,272
UC-WALTERS	$7,457,327	$7,685,094	$7,717,169
WRIGHT-LAKE	$1,956,702	$2,240,695	$2,240,695
Subtotal	$91,486,243	$97,326,254	$99,772,338
Community Colleges			
CINCINNATI STATE	$18,397,949	$18,397,949	$18,397,949
CLARK STATE	$6,183,728	$6,183,728	$6,183,728
COLUMBUS STATE	$34,837,584	$37,214,746	$37,678,946
CUYAHOGA	$38,734,058	$39,935,115	$40,095,356
EDISON STATE	$4,836,345	$5,185,796	$5,248,561
JEFFERSON	$3,275,756	$3,413,860	$3,413,860
LAKELAND	$13,589,377	$13,589,377	$13,589,377
LORAIN COUNTY	$14,432,030	$14,519,836	$14,869,491
NORTHWEST STATE	$4,690,894	$4,747,677	$5,044,653
OWENS STATE	$31,176,106	$32,141,662	$34,360,106
RIO GRANDE	$3,782,554	$3,782,554	$3,782,554
SINCLAIR	$36,677,965	$37,150,821	$38,300,114
SOUTHERN STATE	$3,597,998	$3,631,559	$3,870,167

State Share of Instruction, as Allocated to the Institutions			
Institution	FY 2001 Final SSI	FY 2002 Projected SSI	FY 2003 Projected SSI
TERRA STATE	$5,934,561	$6,032,163	$6,032,163
WASHINGTON STATE	$4,378,738	$4,313,439	$4,248,140
Subtotal	$224,525,641	$230,240,282	$235,115,165
Technical Colleges			
AGRICULTURAL	$4,817,306	$4,817,306	$4,817,306
BELMONT TECH	$4,525,890	$4,525,890	$4,525,890
CENTRAL OHIO	$3,852,299	$3,860,330	$3,860,330
HOCKING	$16,815,937	$16,815,937	$16,815,937
LIMA TECH	$6,740,662	$6,740,662	$6,740,662
MARION TECH	$3,280,244	$3,280,244	$3,280,244
MUSKINGUM	$5,047,989	$5,084,488	$5,084,488
NORTH CENTRAL	$6,808,087	$7,031,061	$7,044,833
STARK TECH	$10,334,465	$10,334,465	$10,364,466
Subtotal	$62,222,877	$62,490,383	$62,534,156
System total	**$1,632,358,471**	**$1,659,011,727**	**$1,668,611,581**
System percent change		**1.63%**	**0.58%**

OTHER INSTITUTIONAL SUPPORT (PROGRAM SERIES 2)

The total appropriation for this series is $15.3 million for each fiscal year, for a decline of 2.9 percent from the FY 2001 level. The biennial appropriation remains at approximately the same level, declining by 0.02 percent from $30.64 million to $30.63 million.

This program series consists of three line items that supplement the core institutional support provided to colleges and universities, in order to increase student access to higher education. Two of the line items provide supplemental funds to Ohio's two smallest universities. The third subsidy, Student Support Services, helps institutions provide services to disabled students.

Budgeted line items

235-502 Student Support Services
235-514 Central State Supplement
235-520 Shawnee State Supplement

Central State Supplement

The appropriation for each fiscal year is $12.0 million, for an increase of 0.97 percent over FY 2001.

The new budget eliminates the two earmarks included in the previous budget for the Institute for Urban Education at Central State.

This appropriation item's purpose is to give an additional subsidy to this access university to help it provide African-Americans affordable access to higher education. The subsidy allows Central State to offer tuition rates below the levels assumed in the State Share of Instruction and allows the university to provide students significant amounts of financial aid.

Central State fiscal standards are continued (Section 94.14 of Am. Sub. H.B. 94)

The new budget retains the FY 2000-FY 2001 budget's temporary law that effectively removed the university from the "state of fiscal exigency" that had been continued by the FY 1998-FY 1999 budget (H.B. 215 of the 122nd General Assembly). As a condition of the removal, the budget, in section 94.14, continues to require the university to adhere to a set of "fiscal standards", as follows:

1. Maintenance of a balanced budget and filing quarterly reports
2. Timely and accurate assessment of current and projected cash flows
3. Timely reconciliation of all university cash and general ledger accounts
4. Submission of timely financial statements to the Auditor of State
5. Completion of an audit within six months following the end of a fiscal year.

Further, the language requires the Office of Budget and Management to clarify the above fiscal standards for the university as necessary and to take actions to ensure adherence. Such actions may include the use of a financial consultant to assist the university in financial systems development. Finally, OBM's fiscal oversight shall continue until such time as the university meets the same criteria as those in the Ohio Administrative Code for the termination of a fiscal watch, at which time the university shall be relieved of this section's requirements.

Shawnee State Supplement

The appropriation for each fiscal year is $2.3 million, for a 19 percent decline from the FY 2001 level of $2.8 million.

This supplement was established to provide an additional subsidy to this access university to help it make the transition from two-year community college to four-year university and to help it provide Appalachian students affordable access to higher education. The subsidy enables Shawnee State to maintain its undergraduate fees at levels lower than statewide averages, to employ new faculty to develop and teach in new degree programs that meet the needs of Appalachians, and to encourage participation in higher education by residents of Appalachia. The subsidy is intended to be phased down as increases in the university's enrollment enable it to become more nearly self-sufficient.

MEDICAL SUPPORT (PROGRAM SERIES 3)

The 14 medical support line items' total appropriations increase very little for the new biennium, as all but four of the line items receive just 1.0 percent increases for FY 2002 and .04 percent increases for FY 2003. The total amounts for this series are $75.4 million for FY 2002 and $75.5 million for FY 2003, for annual increases of 2.0 percent and 0.20 percent, respectively. For the biennium the total appropriation increases by $4.7 million, or 3.2 percent, to $150.9 million. Some relief from the restricted budgeting is provided for certain line items: increases of 2.0 percent in FY 2003 are provided for items 235-474, AHEC Program Support; 235-525, Geriatric Medicine; and 235-526, Primary Care Residencies, to help overcome the limited (1.0 percent) first-year increases. And 235-608, Human Services Project, receives a substantial boost in FY 2002.

The Medical Support program series consists of several state subsidies that support several universities' medical education functions that take place outside the classroom and laboratory. Subsidies are provided for clinical teaching in health care settings, in order to (a) support internships and residencies in specific fields of practice that are of importance to Ohioans and (b) improve access both for medical students and for residents in need of health care.

Budgeted line items

235-474 AHEC Program Support
235-515 CWRU School of Medicine
235-519 Family Practice
235-525 Geriatric Medicine
235-526 Primary Care Residencies
235-536 OSU Clinical Teaching
235-537 UCN Clinical Teaching
235-538 MCO Clinical Teaching
235-539 WSU Clinical Teaching
235-540 OHU Clinical Teaching
235-541 NEO Clinical Teaching
235-543 OCPM Clinical Subsidy
235-572 OSU Clinic Support
235-608 Human Services Project

Human Services Project

Appropriations for this federally funded item have been significantly increased, rising from $393,374 in FY 2000 and $752,578 in FY 2001 to $1.5 million in each fiscal year of the new biennium. Thus, the increase for FY 2002 is 99 percent. The biennial increase is $1.85 million, or 162 percent. The funds are obtained by Regents through transfers from the Department of Job and Family Services (JFS), which obtains the federal grants. This appropriation item supports research by Regents and the universities toward the development of appropriate JFS projects. (JFS has no research division and does not want to use outside consultants.) The increase in the appropriation was prompted by the need for more research to develop projects to utilize the full amount of federal program funds obtained by JFS.

FINANCIAL AID (PROGRAM SERIES 4)

The total appropriations for this program series fare better than those for most of the other series in the Regents' budget. The annual increases for FY 2002 and FY 2003 are 11.2 percent and 7.8 percent, respectively, to $198.2 million and $213.6 million. The biennial increase is $74.4 million, or 22.1 percent, from $337.3 million to $411.8 million.

This program series provides financial assistance to college students. The series consists of 13 programs providing assistance based on a variety of criteria ranging from economic need to academic achievement. The two largest line items in this program series, the Ohio Instructional Grants and the Student Choice Grants, comprise more than 80 percent of the series' total funding. The financial aid programs are administered by the State Grants and Scholarships Division of the Board of Regents.

Budgeted line items

235-414 State Grants and Scholarships Administration
235-503 Ohio Instructional Grants
235-504 War Orphans' Scholarships
235-530 Academic Scholarships
235-531 Student Choice Grants
235-534 Student Workforce Development Grants
235-549 Part-time Student Instructional Grants
235-553 Dayton Area Graduate Studies Institute
235-599 Ohio National Guard Scholarship Program
235-604 Physician Loan Repayment
235-605 State Student Incentive Grants
235-606 Nursing Loan Program
235-610 NHSC Ohio Loan Repayment

Eliminated line items

Appropriation item 235-590, Twelfth-grade Proficiency Stipend, which was established for the FY 2000-FY 2001 budget, is eliminated in the new budget. Appropriation item 235-518, Capitol Scholarship Programs, is also eliminated; however, temporary language is added to permit the Chancellor of the Board of Regents to provide up to 125 scholarships of $2,000 each to Ohio students by utilizing any funds from any appropriation within the budget of the Board of Regents that the chancellor determines to be available, not to exceed $250,000 in any fiscal year.

Ohio Instructional Grants

The Ohio Instructional Grants program, the largest student-aid item in the Regents' budget, has been increased by a sizable $43.8 million (26 percent) for the biennium. The appropriations are $98.0 million for FY 2002 and $111.5 million for FY 2003, for annual increases of 15.2 percent and 13.8 percent, respectively. The FY 2001 total disbursements came to $85.1 million, including the spending of $4.9 million of funds encumbered at the end of year 2000.

The biennial appropriation was increased both to meet the forecasted estimate of eligible students and to provide for increased income thresholds and increased grant amounts. In permanent law (section 3333.12 (C) of the Revised Code), the maximum gross family incomes below which students are eligible for grants have been increased: from $37,000 to $39,000 for financially dependent students and from $34,500 to $35,300 for independent students. Further, the grant amounts are increased for given income levels and numbers of dependents. The smallest grant amounts are higher than under the previous grant schedule and are available to students with higher gross incomes and smaller family sizes (numbers of dependents). The highest grant amount increases from $4,872 to $5,466 for an academic year. In keeping with prior practice, temporary law in section 94.07 supersedes the permanent law language in order to provide lower threshold amounts and lower grant amounts for the first year of the biennium, as a means of providing a step up to the permanent (i.e., second-year) levels.

The budget adds temporary language to the effect that any unencumbered balance in this appropriation item at the end of FY 2002 will be reappropriated to the Student Workforce Development Grants appropriation item for FY 2003.

The Ohio Instructional Grants program, enacted in 1969, provides a financial grant for higher education to any full-time Ohio student who is an Ohio resident and whose family income does not exceed $39,000 in each fiscal year of the 2002-2003 biennium. The grant amounts vary depending upon whether or not the student is financially independent; other factors include the family's income, the number of dependent children in the family, and the type of institution the student is attending (public, private, or proprietary).

War Orphans' Scholarships

The appropriations are $4.7 million for FY 2002 and $4.8 million for FY 2003, for annual increases of 25 percent and 3.0 percent, respectively. The biennial increase is $2.1 million, or 29 percent. The FY 2001 total disbursements came to $3.7 million, including the spending of $16,000 of funds encumbered at the end of year 2000.

The increased appropriations will accommodate an anticipated higher number of eligible students. This number is expected to increase in part because of language in the previous budget, which changed permanent law (section 5910.032 of the Revised Code) to create an additional eligibility definition: The program now includes, under certain conditions, a resident child of a POW or MIA parent who was not an

Ohio resident. (This change makes the residency requirement consistent with the requirement regarding children of deceased or disabled veterans.) Also affecting eligibility estimates is budget language in Am. Sub. H.B. 117 of the 121st General Assembly, which extended benefits to the children of Desert Storm veterans.

The program provides reimbursement to state-assisted institutions when they waive undergraduate instructional and general fees for the children of deceased or disabled veterans of wartime military service in the U.S. armed forces. Payments are also provided on behalf of eligible students attending independent non-profit or proprietary institutions in amounts equal to the average amounts received by recipients attending state-assisted institutions during the previous academic year.

Academic Scholarships

Permanent law (section 3333.22 of the Revised Code) is changed to state that the amount of each scholarship will be "not less than two thousand dollars" rather than specifically two thousand dollars as in the previous budget. Further, revised temporary law takes advantage of the new permanent law by providing a scholarship amount of $2,100 per student for FY 2002 and $2,205 for FY 2003. Funding for this appropriation item remains the same as for FY 2001, at $8.0 million for each fiscal year.

Student Choice Grants

This is the second-largest student-aid program in Regents' budget, after Ohio Instructional Grants. The annual appropriations increase by 1.3 percent and 2.0 percent to $52.4 million in FY 2002 and $53.5 million in FY 2003. The biennial increase is $11.9 million, or 12.7 percent. The FY 2001 total disbursements came to $51.8 million, including the spending of $0.5 million of funds encumbered at the end of FY 2000. Note that the $51.3 million of appropriated FY 2001 funds exceeded that year's budgeted appropriation of $49.15 million; to eliminate the impending shortfall, the appropriation was augmented during the year by the transfer of $2.25 million in encumbered but unused funds from another appropriation item. These additional funds were needed to support a higher-than-expected number of grants.

This line item provides uniform tuition grant awards to Ohio residents attending eligible Ohio independent non-profit institutions of higher education. Only full-time undergraduate students enrolled in bachelor's degree programs are eligible for these grants.

Student Workforce Development Grants

The appropriations are $1.2 million for each fiscal year of the biennium, for an increase of 5.3 percent from the FY 2001 actual expenditure of $1.14 million. The biennial increase is $1.26 million, or 110.7 percent, since there was no appropriation for FY 2000. The $1.14 million disbursement in FY 2001 is only about half of that fiscal year's appropriation of $2.15 million, as Regents has been working to gain experience in forecasting eligibilities for this recently established program.

Further to the appropriation, the budget adds temporary language to the effect that any unencumbered balance in appropriation item 235-503, Ohio Instructional Grants, at the end of FY 2002 will be reappropriated to this appropriation item for FY 2003. This language is in the section for OIG (section 94.07).

The Student Workforce Development Grants program was created in the FY 2000-FY 2001 budget to provide financial support to eligible students attending Ohio proprietary schools. The grants, which will be approximately $200, are to be paid directly to the school where the student is enrolled. The permanent law establishing the Student Workforce Development Grants program is to be found in section 3333.29 of the Revised Code.

Part-time Student Instructional Grants

The appropriations increase by 5.0 percent in each fiscal year, to $13.3 million in FY 2002 and $14.0 million in FY 2003. The biennial increase is $2.3 million, or 9.2 percent. The FY 2001 disbursements came to $12.7 million, or 100.0 percent of the appropriation for that fiscal year.

This program provides need-based financial assistance to part-time undergraduate students who are Ohio residents and are enrolled in degree-granting programs. In FY 1994, only students enrolled at state-assisted colleges and universities were eligible to receive these grants. Beginning in FY 1995, the grants were made available to students attending public and private institutions and degree-granting proprietary schools.

Ohio National Guard Scholarship Program

The appropriation is $12.05 million for each fiscal year of the biennium. This level is 12 percent less than the FY 2001 appropriation of $13.6 million; however, it is 49.8 percent greater than that year's actual disbursement of $8.04 million (including $1.15 million of prior-year encumbrances). The biennial increase (using the FY 2001 disbursement) is $10.5 million, or 77 percent, to $24.1 million.

This line item was created by the FY 2000-FY 2001 biennial budget (Am. Sub. H.B. 282 of the 123rd General Assembly). It enabled the Board of Regents to become the fiscal manager of the program, formerly called the Ohio National Guard Tuition Grant program. This program grants higher education scholarships to members of the Ohio National Guard. The line item is funded by the object class 50 appropriations that were formerly used to fund the same program under line item 745-406, Tuition Grant Program, in the budget of the Adjutant General's Office. Am. Sub. H.B. 282 also added temporary law that requires the Board of Regents to disburse the line item's funds "at the direction of the Adjutant General".

In the previous budget the reimbursement rate was increased significantly, from 60 percent to 100 percent. Students are no longer required to apply for and accept all Ohio Instructional Grants, Student Choice Grants, and Pell grants in order to become eligible, nor will their scholarships be reduced by the amounts of such other assistance. Enrollment limits (i.e., numbers of scholarships) are established although the Controlling Board is permitted to approve additional scholarships. The Chancellor and the Adjutant General may determine the amounts of individual scholarships based on the amounts of other state financial aid a student receives. The Controlling Board may not transfer appropriated funds to this program.

This scholarship program is important for the state financing effort of the Adjutant General and for the recruitment and retention of National Guard members. The amounts for this program exceed the total GRF funding in the budget of the Adjutant General's agency.

Public Service – Statewide (Program Series 5)

The total appropriations for this program series are the same for each fiscal year at $74.6 million, for an increase of 0.8 percent from the FY 2001 level. The biennial increase is $2.1 million, or 1.4 percent, to $149.1 million.

This program series consists of several programs that support public service activities performed at the state's higher education institutions. These services address a variety of agricultural, rural, and urban issues and are offered either statewide or regionally. Ninety percent of the series' appropriations are taken up by two line items, the Cooperative Extension Service and the Ohio Agricultural Research and Development Center, both operated by the Ohio State University.

Budgeted line items

235-511 Cooperative Extension Service
235-524 Police and Fire Protection
235-535 Agricultural Research and Development Center
235-583 Urban University Programs
235-587 Rural University Projects

Cooperative Extension Service

Funding for this appropriation item is $27.7 million for each fiscal year of the biennium, for an increase of 1.0 percent over the FY 2001 actual amount. The biennial appropriation increase is $1.3 million, or 2.5 percent, to $55.4 million.

Several earmarks under this appropriation item are held at their FY 2001 levels. One of these earmarks provides funds to support the Ohio Watersheds Initiative.

This line item funds educational programs for homemakers, farmers, community leaders and young people. Educational programs are offered in the areas of agriculture, home economics, family living, and community and natural resources development. The program, operated by the Ohio State University under its land-grant mandate, provides services to every county in the state and is intended to help people improve their lives through an educational process using scientific knowledge focused on identified issues and needs.

Ohio Agricultural Research & Development Center (OARDC)

Funding for this appropriation item is $38.7 million for each fiscal year of the biennium, for an increase of 1.0 percent over the FY 2001 actual amount. The biennial appropriation increase is $2.4 million, or 3.3 percent, to $77.5 million.

Several earmarks under this appropriation item are also held at their FY 2001 levels. One of these earmarks, new in the previous budget, provides funds to support the development of agricultural crops and products not currently in widespread production in Ohio, in order to "increase the income and viability of family farmers".

This appropriation item supports the Ohio Agricultural Research and Development Center, which conducts basic and applied research through the Ohio State University's colleges of Food, Agricultural, and Environmental Sciences; Human Ecology; Biological Sciences; and Veterinary Medicine. Research areas include plant and animal agriculture, engineering, social sciences, food science, natural resources, environmental sciences, community and human development, and human nutrition. The population served includes farmers, other producers, food processors, environmentalists, landfill managers, and researchers.

Urban University Programs

The appropriation is reduced by 1.0 percent from the FY 2001 level of $6.57 million to $6.50 million in each of FY 2002 and FY 2003. The biennial appropriation is reduced by $1.8 million, or 12 percent, to $13.0 million.

This appropriation item is comprised solely of ten earmarks. The budget deletes and adds several earmarks and reduces their fundings proportionately to allow for the total appropriation decline from FY 2001. The two largest, and continuing, earmarks are $2.2 million in each fiscal year for the Maxine Goodman Levin College of Urban Affairs at Cleveland State University; and $2.2 million in each fiscal year to be distributed among three programs: the Northeast Ohio Research Consortium, the Urban Linkages Program, and the Urban Research Technical Assistance Grant Program. The latter distribution will be determined by the chairman of the Urban University Program.

The line item provides funds for research and outreach activities on urban issues at the eight urban universities in Ohio. The funds support programs of applied research, training, technical assistance, and database development at these universities, as well as programs that develop public policy and public administration initiatives related to the specific needs and issues of Ohio's urban communities. The program serves state, county and municipal governments, regional and not-for-profit agencies, neighborhood groups, and business organizations.

Rural University Projects

The appropriation is reduced by 1.0 percent from the FY 2001 level of $1.39 million to $1.38 million in each of FY 2002 and FY 2003. The biennial appropriation is increased by $63,000, or 2.4 percent, to $2.75 million.

This appropriation item is comprised solely of five earmarks. This budget keeps the same earmarks as in the previous budget but reduces their fundings proportionately to allow for the total appropriation decline from FY 2001.

The line item provides funds for research and outreach activities to help local and state elected and appointed officials improve rural program performance, undertake research projects, increase human resource capacity, and form cooperative partnerships to create an environment that supports private and public sector development. Funds also support programs that develop public policy and public administration initiatives related to the specific needs and issues of Ohio's rural communities. The program targets smaller communities, which often lack staff and financial resources for research, training, and development.

PUBLIC SERVICE – INSTITUTIONAL (PROGRAM SERIES 6)

For FY 2002 the total appropriation for this program series rises by 10.5 percent to $4.9 million vs. $4.5 million in FY 2001, although it is followed by a 1.9 percent decline to $4.8 million in FY 2003. For the biennium the increase is $0.8 million, or 9.0 percent, to $9.8 million. The series as a whole gains this biennial increase despite the fact that all but two of its 11 small appropriation items suffer 1.0 percent reductions in the first year, followed by flat funding in the second. (This includes the series' largest item, 235-547, School of International Business, funded at $1.7 million per year.) The two items that provide the series' biennial increase, Hazardous Materials Program and OSU Highway/Transportation Research, are discussed below.

This program series supports, in whole or in part, a wide variety of specific public research and service projects operated at or by Ohio's state-assisted colleges and universities. These programs have a focus and impact somewhat narrower than Program Series 5 (Public Service-Statewide). The goals vary widely, but the Board of Regents indicates that all of these programs serve important purposes that contribute to public policy development, public service, and the state and regional economies. Program activities are monitored primarily from periodic reports submitted by the program managers.

Budgeted line items

235-402 Sea Grants
235-509 Displaced Homemakers
235-513 OU Voinovich Center
235-521 OSU Glenn Institute
235-547 School of International Business
235-558 Long-term Care Research
235-561 BGSU Canadian Studies Center
235-585 Ohio University Innovation Center
235-595 International Center for Water Resources Development
235-596 Hazardous Materials Program
235-607 OSU Highway/Transportation Research

Eliminated line item

Appropriation item 235-523, Center for Labor Research, is eliminated in the new budget.

School of International Business

The appropriation is $1.7 million for each of the FYs 2002 and 2003, for a 1.0 percent reduction from FY 2001. The biennial reduction is 1.5 percent, or $0.05 million, to $3.4 million.

The appropriations are allocated entirely among three continuing earmarked programs. The bulk of the funds supports the School of International Business of the state universities of northeast Ohio, with the funds going to the University of Akron. The other two earmarks, new in the previous budget, provide support for the University of Toledo College of Business and the Ohio State University BioMEMS program. (The latter earmark previously supported the OSU MUCIA program.)

Hazardous Materials Program

After several years at approximately the $250,000 level, this appropriation item jumps 59 percent to $390,096 for each fiscal year of the new biennium. The increase is actually in the amount of $150,000, which was added to this appropriation item in order to support a new earmark, the Center for the Interdisciplinary Study of Education and Leadership in Public Service at Cleveland State University. The funds are "targeted toward increasing the role of special populations in public service and not-for-profit organizations".

The Hazardous Materials Program itself is also located at Cleveland State University. This GRF line item partially supports training programs developed by the university's Center for Hazardous Materials Education. It provides training programs for firemen, other emergency personnel, and relevant personnel in business and industry, regarding the treatment, storage, disposal, and clean-up of hazardous materials.

Ohio State University Highway/Transportation Research

After several years at the $500,000 level, this self-funded appropriation item jumps 71 percent to $855,021 in FY 2002, although it then declines by 11 percent to $760,000 in FY 2003. The university considers the $355,021 increase for FY 2002 to be, in part, a technical change, as it includes approximately $199,000 that should have been appropriated in the previous biennium to keep the appropriation commensurate with the fund's proceeds for those two fiscal years. The $199,000 was added to the approximately $656,000 of the expected fund proceeds for FY 2002 to create the total $855,021 appropriation for that fiscal year. The appropriation of $760,000 for FY 2003 reflects just the expected fund proceeds for that fiscal year.

The appropriation item is supported by a State Special Revenue Fund rotary fund, which, in turn, is supported by an external endowment. The appropriation levels are intended to reflect the amount of proceeds expected from the endowment in each fiscal year. The program supports transportation research within the Ohio State University' s College of Engineering. The sole user of the funds is the Center for Automotive Research (CAR). Its mission is to foster interdisciplinary research and education directed toward automotive applications.

STATEWIDE INITIATIVES (PROGRAM SERIES 7)

Following a FY 2001 total expenditure of $18.1 million, the appropriations fall to $16.8 million for FY 2002 and $14.9 million for FY 2003, for annual reductions of 7.3 percent ($1.3 million) and 11 percent ($1.9 million), respectively. The biennial appropriation is reduced by $3.4 million, or 10 percent, to $31.6 million.

Four of the series' ten appropriation items incur reductions of just 2.0 percent or less in FY 2002 and are held flat for FY 2003; these include the series' two biggest appropriation items, 235-510, Ohio Supercomputer Center, and 235-527, Ohio Aerospace Institute. Major exceptions to this trend include 235-508, Air Force Institute of Technology; 235-611, Gear-up Grant; and 235-631, Federal Grants, which are discussed below.

This program series supports, in whole or in part, specific statewide programs, projects and entities throughout the higher education community. The series has a statewide impact primarily in instructional, research, and operational areas.

Budgeted line items

235-455 Productivity Improvement Challenge
235-477 Access Improvement Projects
235-508 Air Force Institute of Technology
235-510 Ohio Supercomputer Center
235-527 Ohio Aerospace Institute
235-588 Ohio Resource Center for
235-602 HEFC Administration
235-611 Gear-up Grant [New]
235-612 Carl D. Perkins Grant/
Plan Administration [New]
235-631 Federal Grants
Mathematics, Science, and Reading

Eliminated line item

Line item 235-421, Higher Education Efficiency Challenge, is eliminated; its last expenditure was $1.5 million in FY 2000.

Productivity Improvement Challenge

Compared to the actual amount of $1.65 million in FY 2001, the FY 2002 appropriation of $1.69 million constitutes an increase of 2.4 percent; another 2 percent is added for FY 2003 to bring that year's amount to $1.73 million.

In a nomenclature change from the previous budget, the uncodified language specifies that the nominal recipient of the Productivity Improvement Challenge appropriations will be the EnterpriseOhio Network itself instead of the network's Business and Industry Training Centers. Both designations include the same organizations, whose centers are located at Ohio's two-year campuses. Further, rather than the funds' being used just for capacity-building projects and activities developed through the network, the language states that the funds will be used to support multi-campus collaboration and best-practice dissemination, as well as the capacity-building projects.

Access Improvement Projects

This appropriation item is funded at $1.1 million for both fiscal years. This level is 1.7 percent below the FY 2001 level. The biennial increase is $64,239, or 3.0 percent, to $2.2 million.

In a language revision, the budget revises the membership of the board of directors of one of this appropriation item's earmarked projects. Kent State University's member of the board of the Appalachian Center for Higher Education at Shawnee State University will be chosen by the KSU president from among the deans of three branch campuses, Salem, East Liverpool, and Tuscarawas, rather than from between the deans of just the first two of those campuses, as in the previous budget.

New language also adds two earmarks. Funding is provided for the University of Rio Grande Site Improvement Planning project and the Access Appalachia Project.

Air Force Institute of Technology

The appropriation for FY 2002, at $2.0 million, falls 43 percent below the $3.5 million for FY 2001. The $2.0 million amount is repeated for FY 2003. The biennial appropriation of $4.0 million is 43 percent below the 7.0 million of the previous biennium. The reduction of this appropriation provided funds for other priorities.

This item supports Ohio-based institutions' participation in collaborative research projects at the Air Force Research Laboratories at Wright-Patterson Air Force Base. These laboratories also operate the Air Force Institute of Technology (AFIT), which provides graduate-level educations in logistics and engineering for Air Force personnel. The reduction in the appropriation vs. the previous biennium will reduce the degree of participation of Ohio-based researchers in the laboratories.

Ohio Resource Center for Mathematics, Science, and Reading

The appropriation is $0.98 million for each of the FYs 2002 and 2003, for a 2.0 percent reduction from the FY 2001 level of $1.0 million. The biennium, however, sees an increase of 31 percent or $0.46 million, to $1.96 million.

This appropriation item supports a resource center for the three subjects for the purpose of "identifying best educational practices in primary and secondary schools and establishing methods for communicating them to colleges of education and school districts." This appropriation item was created by the previous budget, which also called for an executive-branch group to conduct a competitive search for a location for the center. As a result of the search the Ohio State University was designated as the location.

HEFC Administration

The appropriations for FY 2002 and FY 2003 are $13,080 and $13,900, respectively. These amounts constitute increases, both from the previous budget's appropriations of $12,000 in each of FY 2000 and FY 2001 and from the actual disbursements of $3,060 and $2,712 in those fiscal years.

This appropriation item enables the Board of Regents to defray the operating expenses related to its administrative support of the activities of the Higher Educational Facility Commission. The Director of Budget and Management is authorized in uncodified law to transfer funds during each fiscal year from the HEFC agency's fund 461 to Regents' fund 4E8 for this purpose. Normally this language also includes the amounts of the Regents' appropriations for this item as the limits on the transferred amounts; the new budget, however, still contains previous temporary language that limits the amount transferable from fund 461 to $12,000 in each fiscal year, rather than raising it to the levels of the new appropriations ($13,080 and $13,900). Should the spending actually rise above $12,000 during either of the two fiscal years, the limit for that year might require adjustment up to the appropriation level.

Gear-up Grant

This line item receives a 62 percent increase for FY 2002, to $1.59 million, followed by a 6.25 percent increase for the following fiscal year, to $1.69 million. The biennial increase is $1.6 million, or 94 percent, to $3.3 million.

The item was created in FY 2000 (although too late to be included in the FY 2000-FY 2001 budget) and supports the national Gear-up program, a federal program that promotes college awareness in order to attract more students to college and to enhance the transition to higher education. The program encourages young people to stay in school, take challenging courses, and go on to college. Ohio's Gear-up program promotes the identification, piloting, expansion and replication of exemplary college access practices and programs in low-income rural and urban communities.

Federal Grants

Federal Grants appropriations show a marked decline from the $2.49 million of FY 2001. The amounts are $2.06 million for FY 2002 (a reduction of 17 percent) and nothing for FY 2003. The decline for the biennium is $2.7 million, or 57 percent. As indicated by Regents, the reduced budget arises from the unpredictability of the availability of federal grant moneys in the second year of the biennium.

STATEWIDE COORDINATION (PROGRAM SERIES 8)

The series' appropriations are $10.23 million for FY 2002 and $10.27 million for FY 2003, for annual changes of –3.2 percent and +0.35 percent, respectively. The biennial increase is $0.52 million, or 2.6 percent, to $20.5 million.

Significantly affected programs include this series' second- and third-largest line items, 235-404, College Readiness Initiatives, and 235-403, Math/Science Teaching Improvement, which are discussed below.

This program series contains several programs administered centrally by the Regents. The programs also support the coordinating activities of the Regents and organize the activities of the state's higher education enterprise.

Budgeted line items

235-321 Operating Expenses
235-403 Math/Science Teaching Improvement
235-404 College Readiness Initiatives
235-406 Articulation and Transfer
235-408 Midwest Higher Education Compact
235-409 Information System
235-603 Publications
235-609 Tech Prep
235-613 Job Preparation Initiative [New]

Operating Expenses

The appropriation for the series' largest item, 235-321, Operating Expenses (for the Regents' agency expenses), is held at $3.14 million for both fiscal years; this represents a decline of just over 1 percent from the $3.17 million of FY 2001.

This line item supports the Board of Regents' operations by providing funds for personal services, maintenance, and equipment. It also supports the Regents' central administration and coordination of various projects, programs, and entities that have statewide impacts, primarily on institutional operations.

Mathematics/Science Teaching Improvement

Math/Science Teaching Improvement, a new item in the previous budget, receives appropriation increases of 17 percent and 1.8 percent, to $1.98 million and $2.02 million in FY 2002 and FY 2003, respectively. The biennial increase is 3.6 percent, or $0.14 million, to $4.0 million.

The appropriation is to be used by the Board of Regents "to support programs designed to raise the quality of mathematics and science teaching in primary/secondary education." Most of the appropriated funds support Project Discovery, which develops and evaluates professional development programs. However, two earmarks are included: $250,000 for the Mathematics and Science Center in Lake County, and $100,000 for the Ohio Mathematics and Science Coalition, in each fiscal year.

College Readiness Initiatives

College Readiness Initiatives was also a new item in the previous budget and is the series' second-largest appropriation item after Operating Expenses. It is funded at $2.50 million in each fiscal year, for a reduction of 18 percent from the $2.99 million of FY 2001. The biennial appropriation declines by $0.1 million, or 2.1 percent, to $5.0 million.

This line item supports early assessment testing in English, mathematics, and science for high school students to improve collaboration between primary/secondary education and higher education. The program is intended "to improve the ability of high school students to enroll and succeed in higher education".

The line item will continue to support and administer the Early English Composition Assessment Program (EECAP), a program formerly supported by line item 235-506, Postsecondary Readiness Testing (Program Series 7). In addition, the line item will support the implementation of the State Higher Education Remediation Advisory Commission report and the creation of "a statewide outreach effort to promote the availability, need, and affordability of a college education".

Information System

The Information System is funded at $1.36 million in each of the FYs 2002 and 2003; this amount is 3.5 percent above the FY 2001 level of $1.32 million. The biennial amount of $2.72 million is only about 0.3 percent less than the previous biennium's appropriation. This appropriation item supports Regents' new internal information system, which has become operational after having been under development for several years, and for which development is continuing. In two temporary law changes from the previous budget, Regents is now required to "operate" the system rather than "revise" it; and the name of the system is changed from the Uniform Information System to the Higher Education Information System (section 94.10).

Job Preparation Initiative

This new General Services Fund Group (GSF) line item, 235-613, Job Preparation Initiative, uses federal funds to support workforce training and development. The appropriation for each fiscal year is $144,383; a start-up amount, $74,000, was spent in FY 2001. The program is designed to build the capacity of Ohio's two-year campuses to provide training and assessment services to public-assistance recipients to improve their employability.

INFRASTRUCTURE INVESTMENTS (PROGRAM SERIES 9)

This series' appropriations are $31.6 million for FY 2002 and $31.7 million for FY 2003, for annual increases of 9.0 percent and 0.35 percent, respectively. The biennial increase is $7.8 million, or 14 percent.

Only one of the series' five appropriation items, 235-417, Ohio Learning Network, incurs a decrease in appropriation from its FY 2001 level. The other four receive various increases, the only significant one being that for item 235-552, Capital Component.

This program series provides infrastructure resources to higher education, with an emphasis on information and information technology. Some of the programs are campus-specific, while others support statewide assets.

Budgeted line items

235-417 Ohio Learning Network (formerly called Technology)
235-507 OhioLINK
235-552 Capital Component
235-555 Library Depositories
235-556 Ohio Academic Resources Network (OARNet)

Ohio Learning Network

Ohio Learning Network is funded at $3.9 million in each of the FYs 2002 and 2003, for a 25 percent reduction from the $5.2 million of FY 2001. The biennial reduction is $0.45 million, or 5.4 percent.

This line item was called Technology in the FY 2000-FY 2001 budget, in which it superseded a FY 1998-FY 1999 budget item called Technology Challenge, which carried the same line item number. The item's new purpose is to support the continued implementation and enhancement of the Ohio Learning Network (formerly called TECLink), a state-of-the-art statewide electronic collaborative information system designed to promote students' degree completion, employees' workforce training, and professional development through the use of advanced telecommunications and distance education initiatives.

Capital Component

The appropriation is $14.5 million in each of FY 2002 and FY 2003, for a significant increase of 34 percent over the FY 2001 level of $10.8 million. The biennial increase is $7.4 million, or 34 percent, to $29.1 million.

A table entitled Capital Component Allocations for FY 2002 and FY 2003 is provided at the end of this section. It provides the allocations of the two fiscal years' appropriations to the individual universities and colleges.

The sizable increase in the Capital Component appropriation level for the new biennium is a result of two factors: (1) the addition of the funds from the most recent capital budget cycle to the formula for this new Capital Component program; and (2) the decisions of campuses to further mitigate their budgeted capital spending (column B in the table) vs. the formula amount of capital funds available to them (column A); this increased difference, to be paid to the campuses as rewards from this Capital Component appropriation item, will be "banked" by the campuses pending their use for anticipated future projects.

First budgeted by Am. Sub. H.B. 215 of the 122nd General Assembly for the FY 1998-FY 1999 biennium, the Capital Component item funds an important component of Regents' new capital funding policy, established in 1997. The new policy is intended to reform capital funding for higher education by rationalizing and decentralizing funding decisions to the higher education institutions. The program's design adds flexibility to the capital funding process and includes incentives for the campuses to use capital funding efficiently. To that end, this appropriation item provides the campuses with the debt service equivalent, for 15 years, of capital appropriations "earned" but not requested in recent capital bills by the campuses. Many campuses have already allocated or obligated these funds for locally financed capital projects.

Therefore, the Capital Component's appropriation must equal the total difference in funds between the Board of Regents' forecasted amount for capital funding and the amount based on the campuses' capital appropriation levels in the current capital bill. This appropriation amount is determined by the Office of Budget and Management; the total formulated amount of debt service is normally equal to ten percent of the current capital bill's total appropriation for the Board of Regents. Most of the required appropriation is known by the time the budget is prepared, since those borrowings have been contracted. For the anticipated capital projects needing bond issues during the biennium, OBM determines the expected debt service amounts using estimates of relevant interest rates and estimates of the remaining capital debt to be undertaken during the two fiscal years. Thus, given the nature of capital budgeting, the Capital Component amount can be expected to fluctuate from year to year.

For their parts, the campuses earn their debt service appropriations based on a formula that establishes annual debt service amounts that the campuses are deemed to pay for their qualifying capital projects. The formula allocates half of the money on the basis of a calculated measure of educational activity (credit instruction weighted by sponsored research and noncredit job training) and half on the basis of the age of the facilities needing repair or replacement. Campuses are then charged for the debt service costs associated with qualifying capital appropriations that they receive in the capital bill. The individual campus allocations for the biennium are provided in the table.

If a campus's actual debt service charges exceed its capital allocation (debt service "earnings") under the formula, this negative difference is deducted from its instructional subsidy support. On the other hand, if a campus's actual debt service charges are less than its capital allocation earnings, this positive difference is provided to the institution, which may use it for any capital-related purpose.

Capital Component Allocations for FY 2002 and FY 2003
(Same distribution each year)

	A	B	C (=A-B)	D	E (=C+D) [+]	F (=C+D) [–]
Institution	**Formulated debt service based on available capital**	**Expected actual debt service on H.B. 640 appropriations**	**Difference**	**Prior years' difference (cumulative net) carried forward**	**Total current difference (net positives only)**	**Total current difference (net negatives only)**
Notes:	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Universities						
AKRON	$1,879,850	$1,795,266	$84,584	$1,948,259	$2,032,843	
BOWLING GREEN	$1,500,993	$1,437,163	$63,830	$277,544	$341,374	
CENTRAL STATE	$235,690	$235,690	$0	$61,974	$61,974	
CINCINNATI	$3,641,099	$3,486,261	$154,838	$277,926	$432,764	
CLEVELAND STATE	$1,636,387	$1,566,799	$69,588	$292,808	$362,396	
KENT STATE	$1,872,658	$1,793,023	$79,635	$247,542	$327,177	
MCOT	$482,580	$462,058	$20,522	$0	$20,522	
MIAMI	$1,766,048	$1,690,947	$75,101	$230,106	$305,207	
NEOUCOM	$163,940	$128,397	$35,543	($167,607)		($132,064)
OHIO STATE	$7,541,006	$7,220,324	$320,682	$838,902	$1,159,584	
OHIO UNIVERSITY	$2,267,108	$2,170,636	$96,472	$310,708	$407,180	
SHAWNEE STATE	$198,135	$186,707	$11,428	$67,864	$79,292	
TOLEDO	$1,973,895	$1,890,219	$83,676	$266,692	$350,368	
WRIGHT STATE	$1,178,643	$1,128,521	$50,122	$426,516	$476,638	
YOUNGSTOWN STATE	$943,828	$882,676	$61,152	$139,657	$200,809	
Subtotal	**$27,281,860**	**$26,074,687**	**$1,207,173**	**$5,218,891**	**$6,558,128**	**($132,064)**
Branch campuses						
ASHTABULA	$94,885	$90,850	$4,035	$124,655	$128,690	
BELMONT	$106,839	$102,296	$4,543	$32,818	$37,361	
CHILLICOTHE	$113,033	$108,226	$4,807	$53,350	$58,157	
CLERMONT	$89,460	$68,646	$20,814	$96,273	$117,087	
EAST LIVERPOOL	$63,245	$60,556	$2,689	$56,640	$59,329	
FIRELANDS	$106,418	$101,893	$4,525	$0	$4,525	
GEAUGA	$28,963	$27,731	$1,232	$49,561	$50,793	
HAMILTON	$113,820	$109,281	$4,539	$11,100	$15,639	
IRONTON	$61,495	$61,495	$0	$115,496	$115,496	
LAKE	$50,208	$0	$50,208	$76,873	$127,081	
LANCASTER	$114,940	$110,052	$4,888	$48,392	$53,280	
LIMA (7)	$124,775	$0	$124,775	$0	$178,055	
MANSFIELD	$132,563	$0	$132,563	$132,373	$264,936	
MARION	$77,823	$136,405	($58,582)	$65,112	$6,530	
MIDDLETOWN	$173,950	$33,512	$140,438	$18,414	$158,852	
NEWARK	$113,610	$0	$113,610	$230,895	$344,505	

Capital Component Allocations for FY 2002 and FY 2003
(Same distribution each year)

Institution	A	B	C (=A-B)	D	E (=C+D) [+]	F (=C+D) [–]
	Formulated debt service based on available capital	Expected actual debt service on H.B. 640 appropriations	Difference	Prior years' difference (cumulative net) carried forward	Total current difference (net positives only)	Total current difference (net negatives only)
Notes:	(1)	(2)	(3)	(4)	(5)	(6)
SALEM	$63,578	$60,945	$2,633	$91,685	$94,318	
STARK	$178,308	$170,726	$7,582	$41,842	$49,424	
TRUMBULL	$112,875	$0	$112,875	($132,014)		($19,139)
TUSCARAWAS	$113,015	$290,942	($177,927)	$190,849	$12,922	
WALTERS	$171,990	$164,676	$7,314	($89,643)		($82,329)
WAYNE	$81,498	$119,684	($38,186)	$25,594		($12,592)
ZANESVILLE	$113,383	$108,561	$4,822	$35,446	$40,268	
Subtotal	**$2,400,674**	**$1,926,477**	**$474,197**	**$1,275,711**	**$1,917,248**	**($114,060)**
Community Colleges						
CINCINNATI STATE	$466,865	$418,073	$48,792	$578,782	$627,574	
CLARK STATE	$163,818	$0	$163,818	$279,108	$442,926	
COLUMBUS STATE	$565,495	$541,447	$24,048	$449,944	$473,992	
CUYAHOGA	$1,026,183	$982,544	$43,639	$1,481	$45,120	
EDISON STATE	$98,928	$0	$98,928	$209,026	$307,954	
JEFFERSON	$88,900	$0	$88,900	$114,512	$203,412	
LAKELAND	$317,818	$317,818	$0	$39,732	$39,732	
LORAIN	$226,818	$0	$226,818	$416,489	$643,307	
NORTHWEST STATE	$61,373	$0	$61,373	$124,373	$185,746	
OWENS STATE	$492,520	$451,347	$41,173	($41,173)	$0	
RIO GRANDE	$101,098	$57,449	$43,649	$10,547	$54,196	
SINCLAIR	$765,678	$0	$765,678	$787,424	$1,553,102	
SOUTHERN STATE	$59,023	$0	$59,023	($46,660)	$12,363	
TERRA STATE	$107,975	$0	$107,975	$148,287	$256,262	
WASHINGTON ST	$63,228	$0	$63,228	($128,527)		($65,299)
Subtotal	**$4,605,720**	**$2,768,678**	**$1,837,042**	**$2,943,345**	**$4,845,686**	**($65,299)**
Technical Colleges						
AGRICULTURAL	$114,048	$0	$114,048	$35,735	$149,783	
BELMONT	$74,095	$0	$74,095	$188,775	$262,870	
CENTRAL OHIO	$80,255	$0	$80,255	$146,398	$226,653	
HOCKING	$243,110	$243,110	$0	$103,665	$103,665	
LIMA	$124,110	$0	$124,110	$44,869	$168,979	
MARION	$64,365	$0	$64,365	$76,424	$140,789	
MUSKINGUM AREA	$95,060	$91,042	$4,018	$0	$4,018	
NORTH CENTRAL	$136,903	$186,636	($49,733)	$141,790	$92,057	
STARK	$180,705	$180,705	$0	$67,763	$67,763	
Subtotal	**$1,112,651**	**$701,493**	**$411,158**	**$805,419**	**$1,216,577**	**$0**
System total	**$35,400,905**	**$31,471,335**	**$3,929,570**	**$10,243,366**	**$14,537,639**	**($311,423)**

Notes:

(1) Column A is the formulated debt service amount; it is 10 percent of the state-provided capital available to the campuses, as determined by OBM. This debt service amount is assumed to be required each year for 15 years, to cover both interest and principal repayment. It is allocated among the campuses by a Regents formula, based on aged space (50 percent) and enrollment activity (50 percent).

(2) Column B is the expected debt service on the CAP line item appropriations provided to the campuses in the most recent capital bill, in this case H.B. 640.

(3) Column C is the difference (positive or negative) between columns A and B. It is the amount by which a campus's formulated debt service (column A) exceeds or lags its anticipated debt service (column B). A positive amount indicates that a campus will incur less debt service than formulated; a negative amount indicates that a campus's debt service will exceed the formulated amount.

(4) Column D is the cumulative amount of column C differences carried forward from prior years' capital budgets. It is the net of those years' individual positive and negative differences.

(5) Column E contains all the net positive totals of columns C and D, giving the total differences between the column A amounts and the column B amounts for the current- and prior-years' capital budgets. Since these differences are positive, each campus will receive an award of its indicated amount from the Capital Component appropriations in ALI 235-552 of H.B. 94. These funds may to be used for capital projects of the campus's choice.

(6) Column F contains all the net negative totals of columns C and D, giving the total differences between the column A amounts and the column B amounts for the current- and prior-years' capital budgets. Since these differences are negative, each campus will be penalized by having its indicated amount deducted from its State Share of Instruction (operating subsidy) allocation.

(7) The carry forward amount (in column D) reflects a correction for the Lima campuses.

BREAKTHROUGH INVESTMENTS (PROGRAM SERIES 10)

This is a new program series, established by this budget. In the FY 2002-FY 2003 budget it contains one appropriation item, the new Appalachian New Economy initiative, and has a total budget of $1.0 million in FY 2002 and $1.5 million in FY 2003.

This program series is intended to support various initiatives involving state government, higher education, and business and industry. It will employ a strategy of targeted spending, called breakthrough investments, to help the state move forward in several areas considered crucial to its near- and long-term economic prosperity.

Regents considers this approach as providing an opportunity for higher education to use its resources to promote economic development. In so doing, the higher education community itself should also benefit. In particular, more Ohio residents might be attracted to higher education, a move that would serve to reduce a perceived bachelors-degree deficit among the state's population.

The breakthrough investments will usually involve collaborations among the higher education institutions, business and industrial firms and groups, and state agencies such as the Board of Regents and the Department of Development.

Regents had requested several new programs, including the Ohio Plan, to begin this series but only one, the Appalachian New Economy Partnership, was included in the enacted budget.

Budgeted line items

235-428 Appalachian New Economy Partnership [New]

(This is the only appropriation item in this new program series.)

Appalachian New Economy Partnership

This is the series' only appropriation item; it is a new one, budgeted at $1.0 million in FY 2002 and $1.5 million in FY 2003. It was established to promote economic development in Appalachia through integrated investments designed to improve and target information technology and knowledge infrastructure. Led by Ohio University, the program supports existing and new private-public technology partnerships among Ohio's public and private campuses, private industry, local government, and school districts within the 29-county Appalachia region.

Ohio Plan Study Committee

Although the executive (As Introduced) version of the budget contained $40 million in biennial funding for the Ohio Plan, the enacted bill excludes this appropriation. However, the budget does establish, in section 94.11, the Ohio Plan Study Committee, which is required "to determine appropriate ways to fund the Ohio Plan for Technology and Development." The committee will be a joint executive, legislative, and campus group and will report its recommendations by December 31, 2001.

As proposed by the Board of Regents, the Ohio Plan is intended to promote collaborative efforts among state government, higher education, and business and industry that will lead to the development of New Economy applications of science and technology and, ultimately, new business start-ups in the state and increased economic prosperity for the citizens of Ohio. As proposed, appropriated funds would support research, development and commercialization in the fields of biotechnology, information technology, and nanotechnology.

DEBT SERVICE PAYMENTS (PROGRAM SERIES 11)

The total appropriations are $345.1 million for FY 2002 and $343.3 million for FY 2003, for annual changes of +6.3 percent and –0.5 percent, respectively. The biennial appropriation, at $688.4 million, exceeds the $681.0 million of the previous biennium by $7.4 million, or 1.1 percent.

This program series provides funds to service the capital debt obligations incurred by the state on behalf of the Board of Regents and the higher education institutions. The series' two line items provide the funds necessary to make all required special obligation (lease rental) and general obligation debt service payments due from the Board of Regents.

Prior to 2001 (and prior to the enactment of the current capital budget, Am. Sub. H.B. 640 of the 123rd General Assembly), bonds issued for higher education facilities were revenue bonds (i.e., special obligation, lease-rental debt instruments). The 1999 passage of State Issue 1, however, had provided for the issuance of general obligation (GO) bonds under Article VIII Section 2n of the Ohio Constitution for all education-related facilities, including higher education. Since GO bonds generally require lower interest rates than special obligation debt, for FY 2002 and thereafter the state will issue GO bonds for capital budgeting purposes.

Beginning in FY 2002, then, the Regents' budget will contain two debt service line items, 235-401, Lease-Rental Payments, which will continue to service the special obligation debt that was previously issued; and 235-909, Higher Education General Obligation Debt Service, to service the new GO debt. As the special obligation debt is paid down (since no more special obligation bonds will be issued), the appropriation for 235-401 will decline, reaching zero in 2014 after the last of these bonds is retired. During this same period the appropriation for 235-909 will increase as new GO debt is issued and serviced.

The temporary (uncodified) law language for this new debt arrangement is in section 94.06 of the budget (Am. Sub. H.B. 94 of the 124th General Assembly).

The debt service payments (interest and principal) on special obligation bonds are made by the Board of Regents to the OPFC under section 3333.13 of the Revised Code, which governs the payment of rentals under lease agreements for higher education facilities. In revisions unrelated to the switch to GO bonds, the budget makes two language changes in this section to reflect current practices. First, the Treasurer of

State is eliminated as a payee, leaving just OPFC, since the TOS serves as the OPFC's agent. Second, the budget leaves only the Board of Regents eligible to obtain appropriations to support lease payments to the Ohio Public Facilities Commission. Under the previous language, both the Board of Regents and the institutions of higher education were allowed to obtain such appropriations; however, all the debt service payments are now made by Regents.

Budgeted line items

235-401 Lease-Rental Payments (formerly called Rental Payments to the Ohio Public Facilities Commission [OPFC])
235-909 Higher Education General Obligation Debt Service [New]

Lease-Rental Payments (formerly called Rental Payments to the OPFC)

The appropriations decline by 9.1 percent and 8.9 percent for FY 2002 and FY 2003, to $295.1 million and $268.9 million, respectively. The biennial appropriation declines by $117.0 million, or 17 percent, to $564.0.

This GRF item's decreasing appropriation reflects the discontinuance of special obligation bonds to fund capital improvements as general obligation bonds begin to be issued for that purpose. Thus, in 2014, the appropriation amount for this line item will decline to zero. This same period will see a rise in the appropriation amount for the general obligation debt service item, 235-909, Higher Education General Obligation Debt Service, which will service the new general obligation debt.

This appropriation item provides funds to service and retire the debt on special obligation (revenue) bonds that, until recently, were sold to finance capital improvements for higher education. Although the capital bills include appropriation line items for specific projects by institution, the bonds were issued for higher education projects as a group. The bonds for capital construction projects were generally issued for terms of from fifteen to twenty years. Short-term bonds (five to seven years) were usually issued for equipment purchases.

Since no more special obligation debt will be issued on Regents' behalf, the amount of the appropriation for this item is determined by the terms of the existing contracted bonds and, therefore, is known certain for each fiscal year even before the budget is prepared.

To make its payments on special obligation bonds, Regents transfers debt service funds to the Treasurer of State as agent for the Ohio Public Facilities Commission. The payments may include principal and/or interest.

Higher Education General Obligation Debt Service

This new GRF line item, 235-909, Higher Education General Obligation Debt Service, is budgeted at $50.1 million and $74.3 million for FY 2002 and FY 2003, respectively, for a biennial amount of $124.4 million. Since the issuance of general obligation (GO) debt began only recently, no GO debt service was owed by Regents before FY 2002; hence there was no need for this line item before this budget.

This line item provides the funds to make debt service payments on GO bonds issued by the state on behalf of higher education institutions to finance their capital projects. The authority to issue such bonds was established by enactment of Am. S.B. 206 of the 123rd General Assembly in December 1999 following the November passage of State Issue 1, an Ohio constitutional amendment that allowed the issuance of general obligation bonds under Article VIII, Section 2n, for all education-related facilities, including higher education.

Since the GO bonds are backed by the full faith and credit of the state, they are expected to command somewhat lower interest rates than the revenue bonds that had heretofore been issued, thereby reducing the state's debt service burden. The first capital projects affected by this change to GO bonds for higher education are those included in Am. Sub. H.B. 640, the capital budget bill of the 123rd General Assembly.

The appropriation amount for this debt service line item is determined by the Office of Budget and Management. Some of the required amount (i.e., the debt service on those borrowings that have already been contracted) is certain by the time the budget is prepared. For the anticipated capital projects that will need bond issues during the biennium, the Office of Budget and Management determines the expected debt service amounts using estimates of relevant interest rates and estimates of the remaining capital debt to be undertaken during the two fiscal years.

For FY 2001 the appropriations for this debt service line item were included in the budget of the Commissioners of the Sinking Fund, located at the offices of the Treasurer of State. For FY 2002 and subsequent years, however, the appropriation has been transferred to the Board of Regents' budget to more accurately reflect the state funding on a programmatic basis. The same has been done with respect to other agencies.

To make its payments on general obligation bonds, Regents sends an intra-state transfer voucher (ISTV) to the Commissioners of the Sinking Fund. The payments may include principal and/or interest.

OTHER POLICY ISSUES

OTHER PERMANENT LAW CHANGES

Section 3305.061 [Higher education retirement plans]:

This new section provides an upper limit to the percentage of employees' compensation that an institution of higher education must pay the state retirement system if the institution's employees opt to participate in an alternative retirement plan (ARP). The percentage may not exceed the percentage that the state retirement system charges employers of members of the state system who opt to participate in the state system's own ARP.

Existing permanent law requires an institution of higher education that maintains an alternative retirement plan (ARP) to pay the state retirement system (to which the institution's ARP participants would otherwise belong) an amount equal to a percentage of those participants' compensation.

This payment is intended to mitigate the negative financial impact on the state retirement system caused by those employees' opting to participate in the institution's ARP.

Section 3333.02 [Interactive video teleconferencing of Board of Regents meetings]:

Adds language to permit the Board of Regents to form a quorum and take votes at meetings conducted by interactive video teleconference as long as it provides for attendance by the public at any teleconference location.

Section 3333.03 [Board of Regents: Chancellor's authority to appoint employees/staff]:

Revised language authorizes the chancellor to appoint and fix the compensation of the employees and staff of the board without seeking approval of the board. Previously, the Board of Regents fixed the compensation of all employees of the board and all appointments made by the chancellor were subject to Board approval.

Section 3333.043 [Student community service]:

Section 3333.043 calls on the board of trustees of each institution to "...encourage and promote participation of students in community service..."

Revised language changes the name of the organization that assists the Board of Regents and others in making information about higher-education community service programs available to institutions of higher education. The previously named state community service advisory committee will henceforth be called the Ohio community service council. The change brings the name into conformity with the name used in section 121.40 of the Revised Code, which establishes the council.

Sections 3333.12 and 94.07 [Ohio Instructional Grants]:

The six tables of maximum grants are revised to provide increases in the grant amounts, as explained below.

This section provides a program of higher education grants to students with families below certain thresholds of gross income. The language defines two types of eligible students: financially dependent and financially independent. It also defines three types of higher educational institutions: private, proprietary, and state-assisted. The six combinations of these categories produce six tables of maximum grant amounts: two tables ("dependent" and "independent") for each type of institution. Each table provides the maximum grant amounts for a range of gross income levels against a range of numbers of family dependents. In uncodified law in the bill (section 94.07), a similar set of tables overrides these permanent law tables in order to provide for lower maximum grant amounts in the first fiscal year of the biennium. Thus, these permanent law tables apply only to the biennium's second year. The two sets of tables, in effect, create a two-step increase in the maximum grant amounts over the two fiscal years.

Section 3333.13 [Debt service; transfers to the Ohio Public Facilities Commission]:

The act revises the section's language to reflect current practices. First, only the Board of Regents will be eligible to obtain appropriations to support lease payments to the Ohio Public Facilities Commission. Prior to the act, both the Board of Regents and institutions of higher education were allowed to obtain such appropriations; however, currently all debt service payments for the campuses are made for them by the Board of Regents. Second, only the Ohio Public Facilities Commission will be eligible to receive payments from the Board of Regents for special obligation bond debt service. Previously, both the Ohio Public Facilities Commission and the Treasurer of State were allowed to receive such payments; however, the TOS actually serves as the OPFC's agent.

Added language specifies that a vice-chancellor of the Board of Regents may certify to the Director of Budget and Management the amounts needed to make lease payments to the Public Facilities Commission. Previously, only the chancellor was allowed to make such a certification, which is required at the beginning of each fiscal year.

Sections 3333.21 and 3333.22 [Academic Scholarship Program]:

In a revision, the specified amount of each scholarship award is changed from exactly $2,000 to "not less than" $2,000.

Section 3345.05 [Investment by state university or college boards of trustees]:

(The entire section, including both the existing language and the language added by the bill, was vetoed by the Governor; see the description under Governor's Vetoes, below.)

Section 3345.19 [Enrollment limitations]:

Revises upward the enrollment limitations imposed upon five university main campuses, as follows:

- Bowling Green State University: from 16,000 to 17,000
- Kent State University: from 21,000 to 22,000
- Miami University: from 16,000 to 17,000
- Ohio University: from 21,000 to 22,000
- Ohio State University: from 41,000 to 42,000

Eliminates the requirement that a university receive prior approvals from the Board of Regents for contracts for the construction of new residence hall facilities.

Section 3745.22 [Environmental Education Fund scholarships]:

Expands eligibility for Environmental Education Fund scholarships to include students attending private non-profit colleges and universities. Previously, the scholarships were available to students of only state-assisted colleges and universities.

OTHER TEMPORARY LAW CHANGES

Section 94.12 [Science and technology collaboration]:

Adds new language calling for the Board of Regents to collaborate with the Department of Development, the Biomedical Research and Technology Transfer Commission, and the Technology Action Board concerning twelve technology-related programs and appropriation items in order to "ensure implementation of a coherent state strategy with respect to science and technology".

Each designated program and appropriation item is to be reviewed annually by the Technology Action Board with respect to its "development of complementary relationships within a combined state science and technology investment portfolio" and its "overall contribution to the state's science and technology strategy." However, this annual review is also to be a comprehensive review of the entire state science and technology program portfolio rather than just a review of individual programs.

Similar language is inserted in the budget of the Department of Development.

Section 94.13 [Ohio State University Veterinary Clinic]:

Adds new language "notwithstanding" any Revised Code language to the contrary and stating that "the Ohio State University may negotiate, enter into, and locally administer a contract which combines the design and construction elements of the project into a single contract for the College of Veterinary Medicine Large Animal Clinic in Union County, Ohio." This project for the clinic will cost approximately $1.2 million and will be funded by university funds.

GOVERNOR'S VETOES

Section 3345.05 [State universities – general powers; disposition of fees]:

In existing language, this section required all registration fees, other fees, subsidy receipts, and other incomes received by each state-supported university and college to be held and administered by the board of trustees of that university or college, subject to the provisions of any resolutions, trust agreements, indentures, leases, etc.

The budget bill, as passed by the General Assembly, added language to clarify the authority of public university boards of trustees to invest cash balances. This new language stated that no board of trustees may make investments of the above funds "unless a foundation has been or is established for the institution" and that foundation enters into an agreement specified by further added language. The investments must be made "pursuant to an investment policy developed in consultation with the auditor of state and approved by the board in public session." At a minimum, the policy would require a board-approved cash budget; an agreement between the board and the foundation under which the foundation would establish a reserve fund; investments to be made only in investment-grade securities; and the establishment of an investments committee to review and recommend changes to the investment policy.

The Governor vetoed the entire section, including both the existing language and the added language, with a message stating that, "...due to time constraints, the language [to clarify the boards' authority] does not achieve this goal. A veto of this section would allow additional time to address this issue further and to prepare an effective amendment to this section of the Ohio Revised Code. The universities that sought this clarification have requested this veto."

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

BOR Regents, Ohio Board of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	235-100	Personal Service	$ 2,130,601	$ 65,104		$ 0	N/A	$ 0	N/A
GRF	235-200	Maintenance	$ 337,113	$ 60,161		$ 0	N/A	$ 0	N/A
GRF	235-300	Equipment	$ 76,740	$ 46,923		$ 0	N/A	$ 0	N/A
GRF	235-321	Operating Expenses	$ 0	$ 2,523,230	$3,170,589	$ 3,137,394	-1.05%	$ 3,137,394	0.00%
GRF	235-401	Lease-Rental Payments	$ 362,193,362	$ 356,446,109	$324,547,665	$ 295,058,500	-9.09%	$ 268,910,500	-8.86%
GRF	235-402	Sea Grants	$ 299,940	$ 299,940	$296,941	$ 299,940	1.01%	$ 299,940	0.00%
GRF	235-403	Math/Science Teaching Improvement	$ 0	$ 2,164,503	$1,698,543	$ 1,984,000	16.81%	$ 2,018,680	1.75%
GRF	235-404	College Readiness Initiatives	$ 0	$ 2,118,078	$2,990,196	$ 2,500,000	-16.39%	$ 2,500,000	0.00%
GRF	235-406	Articulation & Transfer	$ 817,414	$ 922,227	$1,028,856	$ 800,000	-22.24%	$ 800,000	0.00%
GRF	235-408	Midwest Higher Education Compact	$ 58,000	$ 75,000	$75,000	$ 75,000	0.00%	$ 75,000	0.00%
GRF	235-409	Information System	$ 2,145,583	$ 1,415,081	$1,316,090	$ 1,362,023	3.49%	$ 1,362,023	0.00%
GRF	235-412	Higher Education Funding Commission	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	235-413	Central State Strategic Plan	$ 0	----		----	N/A	----	N/A
GRF	235-414	State Grants & Scholarship Administrati	$ 1,050,092	$ 1,216,487	$1,198,533	$ 1,373,420	14.59%	$ 1,373,420	0.00%
GRF	235-415	Jobs Challenge	$ 2,500,000	$ 8,743,864	$10,979,694	$ 10,100,000	-8.01%	$ 10,200,000	0.99%
GRF	235-416	Performance Challenge	$ 2,000,000	$ 1,158,000		$ 0	N/A	$ 0	N/A
GRF	235-417	Technology	$ 3,609,847	$ 3,087,118	$5,199,516	$ 3,920,000	-24.61%	$ 3,920,000	0.00%
GRF	235-418	Access Challenge	$ 16,000,000	$ 35,095,710	$65,424,012	$ 62,268,000	-4.82%	$ 62,268,000	0.00%
GRF	235-420	Success Challenge	$ 4,000,000	$ 20,014,420	$48,715,054	$ 47,041,000	-3.44%	$ 47,041,000	0.00%
GRF	235-421	Higher Education Efficiency Challenge	$ 500,000	$ 1,500,000		$ 0	N/A	$ 0	N/A
GRF	235-428	Appalachian New Economy Partnership	----	----		$ 1,000,000	N/A	$ 1,500,000	50.00%
GRF	235-451	Eminent Scholars	$ 0	$ 0	$5,200,000	$ 0	-100.00%	$ 0	N/A
GRF	235-454	Research Challenge	$ 14,693,157	$ 19,542,800	$21,424,652	$ 20,000,000	-6.65%	$ 20,000,000	0.00%
GRF	235-455	Productivity Improvement Challenge	$ 1,598,476	$ 1,686,221	$1,654,466	$ 1,694,947	2.45%	$ 1,728,845	2.00%
GRF	235-474	AHEC Program Support	$ 2,019,968	$ 2,094,566	$2,073,619	$ 2,093,727	0.97%	$ 2,135,601	2.00%
GRF	235-477	Access Improvement Projects	$ 1,056,790	$ 1,046,640	$1,130,314	$ 1,110,879	-1.72%	$ 1,110,879	0.00%
GRF	235-481	Discovery Project Match	$ 2,484,320	$ 5,680		$ 0	N/A	$ 0	N/A
GRF	235-501	State Share of Instruction	$ 1,540,057,442	$ 1,601,259,162	$1,628,848,899	$ 1,659,011,727	1.85%	$ 1,668,611,581	0.58%
GRF	235-502	Student Support Services	$ 1,009,833	$ 1,033,059	$1,047,274	$ 1,000,000	-4.51%	$ 1,000,000	0.00%

Line Item Detail by Agency

BOR Regents, Ohio Board of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	235-503	Ohio Instructional Grants	$ 82,114,638	$ 80,614,459	$85,084,973	$ 98,000,000	15.18%	$ 111,500,000	13.78%
GRF	235-504	War Orphans Scholarships	$ 3,551,658	$ 3,594,302	$3,724,626	$ 4,652,548	24.91%	$ 4,792,124	3.00%
GRF	235-506	Postsecondary Readiness Testing	$ 782,131	$ 0		$ 0	N/A	$ 0	N/A
GRF	235-507	OhioLINK	$ 6,290,947	$ 6,947,761	$7,592,044	$ 7,668,731	1.01%	$ 7,668,731	0.00%
GRF	235-508	AFIT	$ 3,895,000	$ 3,500,000	$3,500,000	$ 2,000,000	-42.86%	$ 2,000,000	0.00%
GRF	235-509	Displaced Homemakers	$ 244,996	$ 244,994	$242,544	$ 240,096	-1.01%	$ 240,096	0.00%
GRF	235-510	Ohio Supercomputer Center	$ 3,801,701	$ 4,834,416	$4,882,896	$ 4,833,574	-1.01%	$ 4,833,574	0.00%
GRF	235-511	Cooperative Extension Service	$ 23,815,548	$ 26,643,306	$27,431,440	$ 27,708,525	1.01%	$ 27,708,525	0.00%
GRF	235-512	Performance Funding	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	235-513	OU Voinovich Center	$ 0	$ 375,000	$371,250	$ 367,500	-1.01%	$ 367,500	0.00%
GRF	235-514	Central State Supplement	$ 9,544,956	$ 10,865,982	$11,928,683	$ 12,044,956	0.97%	$ 12,044,956	0.00%
GRF	235-515	CWRU School of Medicine	$ 4,087,564	$ 4,181,578	$4,239,117	$ 4,280,224	0.97%	$ 4,281,936	0.04%
GRF	235-517	Clark State Outreach Program	$ 0	----		----	N/A	----	N/A
GRF	235-518	Capital Scholarship Programs	$ 198,000	$ 250,000	$220,000	$ 0	-100.00%	$ 0	N/A
GRF	235-519	Family Practice	$ 5,932,959	$ 6,229,607	$6,475,676	$ 6,538,471	0.97%	$ 6,541,087	0.04%
GRF	235-520	Shawnee State Supplement	$ 3,183,711	$ 2,969,965	$2,795,760	$ 2,272,000	-18.73%	$ 2,272,000	0.00%
GRF	235-521	OSU Glenn Institute	$ 0	$ 375,000	$371,250	$ 367,500	-1.01%	$ 367,500	0.00%
GRF	235-523	Center for Labor Research	$ 0	$ 95,000	$94,050	$ 0	-100.00%	$ 0	N/A
GRF	235-524	Police and Fire Protection	$ 244,996	$ 244,996	$242,546	$ 240,096	-1.01%	$ 240,096	0.00%
GRF	235-525	Geriatric Medicine	$ 1,038,259	$ 1,062,139	$1,076,754	$ 1,087,195	0.97%	$ 1,108,939	2.00%
GRF	235-526	Primary Care Residencies	$ 2,872,957	$ 3,016,605	$3,135,761	$ 3,166,168	0.97%	$ 3,229,491	2.00%
GRF	235-527	Ohio Aerospace Institute	$ 2,321,577	$ 2,374,973	$2,407,653	$ 2,383,334	-1.01%	$ 2,383,334	0.00%
GRF	235-530	Academic Scholarships	$ 8,000,000	$ 8,000,000	$8,000,000	$ 8,000,000	0.00%	$ 8,000,000	0.00%
GRF	235-531	Student Choice Grants	$ 41,504,967	$ 42,231,670	$51,771,049	$ 52,428,000	1.27%	$ 53,476,560	2.00%
GRF	235-533	Doctoral Reduction Incentives	$ 0	----		----	N/A	----	N/A
GRF	235-534	Student Workforce Development	----	$ 0	$1,139,073	$ 1,200,000	5.35%	$ 1,200,000	0.00%
GRF	235-535	Agricultural Research and Development	$ 32,867,947	$ 36,673,910	$38,343,575	$ 38,730,884	1.01%	$ 38,730,884	0.00%
GRF	235-536	OSU Clinical Teaching	$ 15,270,155	$ 15,621,369	$15,836,318	$ 15,989,883	0.97%	$ 15,996,281	0.04%
GRF	235-537	UCN Clinical Teaching	$ 12,559,495	$ 12,848,363	$13,025,157	$ 13,151,461	0.97%	$ 13,156,724	0.04%
GRF	235-538	MCO Clinical Teaching	$ 9,789,445	$ 10,014,602	$10,152,403	$ 10,250,851	0.97%	$ 10,254,953	0.04%
GRF	235-539	WSU Clinical Teaching	$ 4,755,904	$ 4,865,290	$4,932,236	$ 4,980,064	0.97%	$ 4,982,057	0.04%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
BOR Regents, Ohio Board of									
GRF	235-540	OHU Clinical Teaching	$ 4,597,676	$ 4,703,423	$4,768,142	$ 4,814,378	0.97%	$ 4,816,305	0.04%
GRF	235-541	NEM Clinical Teaching	$ 4,728,706	$ 4,837,466	$4,904,029	$ 4,951,583	0.97%	$ 4,953,565	0.04%
GRF	235-543	OCPM Clinical Subsidy	$ 467,607	$ 500,000	$495,000	$ 499,800	0.97%	$ 500,000	0.04%
GRF	235-545	Ohio State University Cancer Hospital	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	235-546	Centers for Artificial Intelligence	$ 0	----		----	N/A	----	N/A
GRF	235-547	School of International Business	$ 1,243,637	$ 1,743,637	$1,726,201	$ 1,708,764	-1.01%	$ 1,708,764	0.00%
GRF	235-549	Part-time Student Instructional Grants	$ 24,681,704	$ 12,322,630	$12,677,739	$ 13,311,638	5.00%	$ 13,977,219	5.00%
GRF	235-552	Capital Component	$ 7,527,719	$ 10,848,075	$10,848,076	$ 14,537,639	34.01%	$ 14,537,639	0.00%
GRF	235-553	Dayton Area Graduate Studies I	$ 3,681,165	$ 3,765,832	$3,856,212	$ 3,779,088	-2.00%	$ 3,779,088	0.00%
GRF	235-554	Priorities in Graduate Education	$ 2,437,528	$ 3,464,704	$3,517,903	$ 3,482,368	-1.01%	$ 3,482,368	0.00%
GRF	235-555	Library Depositories	$ 1,468,994	$ 2,400,000	$1,918,477	$ 1,999,200	4.21%	$ 2,039,184	2.00%
GRF	235-556	Ohio Academic Resources Network	$ 2,019,666	$ 3,227,819	$3,477,060	$ 3,510,777	0.97%	$ 3,580,993	2.00%
GRF	235-558	Long-term Care Research	$ 318,371	$ 318,371	$315,187	$ 312,004	-1.01%	$ 312,004	0.00%
GRF	235-561	Bowling Green State University Canadia	$ 167,642	$ 167,642	$165,966	$ 164,289	-1.01%	$ 164,289	0.00%
GRF	235-572	OSU Clinic Support	$ 1,331,259	$ 1,943,328	$2,040,527	$ 2,061,138	1.01%	$ 2,061,138	0.00%
GRF	235-583	Urban University Programs	$ 4,984,273	$ 8,192,284	$6,569,922	$ 6,503,559	-1.01%	$ 6,503,559	0.00%
GRF	235-585	Ohio University Innovation Center	$ 49,745	$ 49,745	$49,248	$ 48,750	-1.01%	$ 48,750	0.00%
GRF	235-587	Rural University Projects	$ 1,244,448	$ 1,298,070	$1,389,588	$ 1,375,552	-1.01%	$ 1,375,552	0.00%
GRF	235-588	Resource Center for Mathematics, Scie	$ 0	$ 500,000	$1,000,000	$ 980,000	-2.00%	$ 980,000	0.00%
GRF	235-590	12th Grade Proficiency Stipend	$ 0	$ 13,805,513	$13,152,500	$ 0	-100.00%	$ 0	N/A
GRF	235-595	International Center for Water Resource	$ 189,381	$ 189,381	$187,487	$ 185,593	-1.01%	$ 185,593	0.00%
GRF	235-596	Hazardous Materials Program	$ 244,996	$ 244,996	$242,546	$ 390,096	60.83%	$ 390,096	0.00%
GRF	235-599	National Guard Tuition Grant Program	----	$ 5,545,143	$8,044,878	$ 12,048,106	49.76%	$ 12,048,106	0.00%
GRF	235-909	Higher Education General Obligation D	----	----		$ 50,055,100	N/A	$ 74,344,100	48.52%
General Revenue Fund Total			**$ 2,300,692,706**	**$ 2,432,363,429**	**$ 2,518,383,435**	**$ 2,565,132,040**	**1.86%**	**$ 2,589,158,523**	**0.94%**
456	235-603	Publications	$ 127,619	$ 7,054	$23,157	$ 43,050	85.90%	$ 44,342	3.00%
456	235-613	Job Preparation Initiative	----	----	$73,870	$ 144,383	95.46%	$ 144,383	0.00%
General Services Fund Group Total			**$ 127,619**	**$ 7,054**	**$ 97,027**	**$ 187,433**	**93.18%**	**$ 188,725**	**0.69%**
3N6	235-605	State Student Incentive Grants	$ 1,012,607	$ 1,012,609	$1,616,785	$ 2,000,000	23.70%	$ 2,000,000	0.00%
3H2	235-608	Human Services Project	$ 1,369,818	$ 393,374	$752,578	$ 1,500,000	99.31%	$ 1,500,000	0.00%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
BOR	***Regents, Ohio Board of***								
312	235-609	Tech Prep	$ 109,531	$ 174,854	$196,008	$ 183,852	-6.20%	$ 183,852	0.00%
3T0	235-610	NHSC Ohio Loan Repayment	$ 82,555	$ 127,445	$50,000	$ 100,000	100.00%	$ 100,000	0.00%
312	235-611	Gear-up Grant	----	$ 711,211	$982,871	$ 1,590,986	61.87%	$ 1,690,434	6.25%
312	235-612	Carl D. Perkins Grant/Plan Administrati	----	----	$34,350	$ 112,960	228.85%	$ 112,960	0.00%
312	235-631	Federal Grants	$ 2,030,722	$ 2,263,366	$2,491,942	$ 2,055,511	-17.51%	$ 0	-100.00%
Federal Special Revenue Fund Group Total			**$ 4,605,233**	**$ 4,682,859**	**$ 6,124,533**	**$ 7,543,309**	**23.17%**	**$ 5,587,246**	**-25.93%**
4E0	235-601	Teacher Education Loan Program	$ 1	$ 0		$ 0	N/A	$ 0	N/A
4E8	235-602	HEFC Administration	$ 11,640	$ 3,060	$2,712	$ 13,080	382.32%	$ 13,900	6.27%
4P4	235-604	Physician Loan Repayment	$ 313,452	$ 196,219	$419,630	$ 416,067	-0.85%	$ 436,870	5.00%
682	235-606	Nursing Loan Repayment	$ 562,339	$ 485,200	$640,814	$ 870,000	35.76%	$ 893,000	2.64%
649	235-607	OSU Highway/Transportation Research	$ 500,000	$ 500,000	$500,000	$ 855,021	71.00%	$ 760,000	-11.11%
State Special Revenue Fund Group Total			**$ 1,387,432**	**$ 1,184,479**	**$ 1,563,157**	**$ 2,154,168**	**37.81%**	**$ 2,103,770**	**-2.34%**
Regents, Ohio Board of Total			***$ 2,306,812,990***	***$ 2,438,237,821***	***$ 2,526,168,152***	***$ 2,575,016,950***	***1.93%***	***$ 2,597,038,264***	***0.86%***

- One in four state employees works for DRC
- GRF budget bruised: staff, services, and subsidies face reductions
- Privatized prisons online

Department of Rehabilitation and Correction

Joseph W. Rogers, Budget Analyst

ROLE

Conceptually and historically, the Department of Rehabilitation and Correction (DRC) can be viewed as the manager of a three-piece felony sanctioning system, with an intake process on the front end, a large physical plant for housing inmates located in the middle, and a release mechanism on the back end.

As its most basic mission, DRC is charged with the control of felony offenders committed to the custody of the state, which includes the provision of housing and inmate programming within a statewide network of prisons, and, following their release from incarceration, controlling and monitoring these offenders through a community supervision system administered by its Adult Parole Authority.

DRC also manages a package of community control sanctions (supervision and control services, halfway house beds, and subsidies) that provide judges with a range of sentencing options intended to reduce or eliminate the time that offenders spend in prison or jail.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
16,033	$1.6 billion	$1.7 billion	$1.4 billion	$1.5 billion	Am. Sub. H.B. 94

OVERVIEW

Historically, the lion's share of DRC's operating and capital budgets have been devoted toward the building and management of correctional institutions and the inmates who inhabit them. Although this fiscal reality remains largely intact to this day, starting with FY 1994, DRC started to pump a larger percentage of its annual GRF budget into parole and community services. This funding change signaled a transition in philosophy and spending away from its historical emphasis on administering a large, geographically far flung network of prisons and toward a system of prison diversion and release programs that emphasize a continuum of graduated community control sanctions.

COMMUNITY CONTROL SANCTIONS

If one focuses solely on the GRF side of the department's budget for the period running from FY 1988 through FY 1993, the total amount of GRF funding expended on prison diversion and jail population reduction programs ran in the range of 8 percent to 9 percent annually. Since that time, the amount of GRF money that has been allocated to these community sanctions programs has grown into the 11 percent range. While a funding increase in the range of 2 percent to 3 percent may not seem all that significant, the reader needs to keep in mind that this is in the context of a departmental GRF budget that has grown to be in excess of $1 billion annually.

A footnote to this observation is in order. These percentages somewhat overstate the financial resources spent explicitly on prison diversion and jail population reduction programs, as they also include departmental expenses associated with operating the release component of the state's prison system (the Parole Board and the supervision and residential placement of parolees, furloughees, and graduates of the boot camp phase of the Shock Incarceration Program, as well as offenders under post-release control). It should also be noted that, through the parole component of the department's Division of Parole and Community Services, community supervision and control services are provided that directly assist a number of the state's county criminal justice systems.

GRF BUDGET: A SUMMARY

Table 1, immediately below, captures the GRF parts of the department's FY 2002-2003 biennial operating budget that will fund the following five program series: (1) institutional operations, (2) debt service, (3) community sanction programs, (4) parole services, and (5) central administration. The columns of the table summarize the following fiscal information for each of these five program series: "continuation cost," which is the amount of GRF money that the department calculated it would need in FYs 2002 and 2003 to continue the services that were being delivered or initiated during FY 2001, "program total," which is the total amount of GRF funding appropriated in FYs 2002 and 2003, and "amount below continuation," which is a function of the "program total" minus the "continuation cost."

Table 1- GRF Biennial Budget Parts ($ in millions)*

	FY 2002			FY 2003		
Program Series	Continuation Cost	Amount Below Continuation	Program Total	Continuation Cost	Amount Below Continuation	Program Total
Institutions	$ 1,092.66	$ 41.15	$ 1,051.51	$ 1,151.35	$ 48.02	$ 1,103.33
Debt Service	$ 138.12	----	$ 138.12	$ 149.65	----	$ 149.65
Community Sanctions	$ 116.75	$ 6.07	$ 110.68	$ 120.25	$ 8.47	$ 111.78
Parole Services	$ 77.30	$ 3.97	$ 73.33	$ 82.12	$ 3.41	$ 78.71
Administration	$ 28.77	$ 1.17	$ 27.60	$ 30.39	$ 3.01	$ 27.38
GRF Total	**$1,453.60**	**$52.36**	**$1,401.24**	**$1,533.76**	**$62.91**	**$1,470.85**

*Detail may not add to totals due to rounding.

As the reader can then see from the table, from the department's perspective, all but one of its program series – debt service – was appropriated a level of GRF funding that was less than its calculated future cost of paying for the level of services that were being performed or initiated in FY 2001. Thus, Table 1 in effect highlights what are GRF funding shortfalls by program series.

The largest of these shortfalls in continuation funding was experienced by the department's institutions program series, which finances the day-to-day operations of the prison system. For the FY 2002-2003 biennium, the institutions program series was appropriated $89.2 million, or 4 percent, less than the department's calculated future cost of day-to-day prison operations.

The community sanctions program series, which includes subsidies distributed to local criminal justice systems, as well as halfway house beds purchased by the state and shared with local sentencing courts felt the second largest continuation-funding shortfall. For the FY 2002-2003 biennium, the community sanctions program series was appropriated $14.5 million, or 6.1 percent, less than the department's calculated future cost of supporting efforts that are intended to reduce prison and jail populations.

These community sanctions programs were among the most affected from the department's various program series, which translated into $14.5 million, or 6.1 percent, less than the department's calculated future cost of doing business.

In addition to its requested level of continuation funding, the department asked for new GRF funding to expand existing services and undertake new initiatives over the course of the FY 2002-2003 biennium, but no such funding was appropriated.

System Growth

The department's prison system itself has undergone marked growth in the last fifteen years or so. As of the start of FY 1980, this system contained eight correctional institutions and was inhabited by around 14,000 inmates. At the close of FY 2001, the department had 34 correctional institutions, including the Corrections Medical Center, and was managing an inmate population of around 45,260. As of this writing, the department had no intention to build any new correctional facilities. The FY 2002-2003 biennium will be the first since the early 1980s in which no new construction will take place within the prison system. (This heretofore-uninterrupted pattern of institutional growth was part of a dynamic set in motion by the prison construction program that the state embarked on in 1982 with Am. Sub. H.B. 530 of the 114th General Assembly.)

Even without the addition of new correctional facilities, given the number of staff and inmates in the prison system, the department will still experience the fiscal pressures that are a natural consequence of: (1) pay raises and collective bargaining agreements, and (2) inflation on medical, utility, and food costs. A quick scan of the department's current staffing mix suggests that a conservative guess would put the number of employees who are covered by collective bargaining at 85 percent.

For at least the last ten years or so, the vast majority of the department's operating and capital budgets have gone toward supporting this network of state correctional facilities. Since at least FY 1988, the department's day-to-day cost of running prisons has, and will continue to, consume roughly three-quarters of the department's total GRF budget.

Staffing Levels

Table 2 below summarizes the department's staffing picture for the FY 2002-2003 biennium given what we know at this time. The columns display: (1) the various funding streams that support the department's staff payroll (Line Item/Fund), (2) the number of staff positions for which the department requested funding in its FY 2002-2003 biennial budget submission to the Office of Budget and Management that were calculated as being necessary to continue delivering the level of services that were provided, or planned to be initiated, in FY 2001 (Continuation Positions), (3) the number of staff positions that actually appear to be funded in light of the appropriated amounts provided by the FY 2002-2003 biennial operating budget (Funded Positions), and (4) the number of non-funded staff positions, that is staff positions the department requested funding to continue FY 2001 services and initiatives, but for which no funding was in effect appropriated (Non-Funded Positions).

Table 2 - Department of Rehabilitation and Correction Staffing Levels

Line Item/Fund	Continuation Positions	Funded Positions	Non-Funded Positions
501-321	11,981	11,648	333
502-321	785	632	153
503-321	1,197	1,130	67
504-321	340	331	9
505-321	699	589	110
506-321	326	302	24
507-321	104	96	8
501-407	11	11	0
GRF Total	**15,443**	**14,739**	**704**
148	707	699	8
200	245	240	5
323	41	41	0
4B0	14	14	0
4D4	270	240	30
593	30	30	0
5L6	0	0	0
4L4	2	6	4
4S5	24	24	0
483	1	1	0
Non-GRF Total	**1,334**	**1,295**	**39**
Staffing Totals	**16,777**	**16,034**	**743**

The key point to extract from this table is that the department's FY 2002-2003 biennial operating budget does not provide the level of funding necessary to cover the calculated future annual payroll cost associated with the 16,777 staff positions it determined would be needed to continue FY 2001 services and initiatives. As a result, the department has made it clear that it will not be able to maintain or continue the services that were delivered, or the initiatives that were undertaken, during FY 2001. Planned expenditures will have to be eliminated, reduced, or delayed, including cutting institutional, parole, and central administration payroll costs, which means fewer staff. This effect will be most noticeable in the area of the department's GRF budget, specifically in the day-to-day costs of institutional operations (prisons), the most expensive component of this corrections agency that accounts for at least 90 percent of its total staff at any given point in time. Cutting payroll costs would presumably involve a mix of: (1) leaving currently authorized, but vacant, staff positions unfilled, (2) not filling, or delays in filling, currently authorized and filled staff positions that subsequently become vacant, (3) offering an early retirement incentive plan, and (4) possible reductions in the size of its labor force through layoffs.

What is not clearly evident from the department's staffing levels, in Table 2 above, is the bigger picture into which these "numbers" fit. As of this writing, of the total number of state employees, 25 percent work for the department, that's one-in-four state employees. An even more striking figure, we believe, is the fact that roughly 13 percent of all state employees are correction officers who work for the department, that's approximately one-in-six state employees.

One should also keep in mind that the department does carry a number of staff positions that are not supported by its GRF payroll. As noted in Table 2 above, the number of these funded non-GRF staff positions totals 1,295. This means that, of the department's 16,034 funded staff positions, over 90 percent are supported by the GRF.

The department's FY 2002-2003 biennial staffing levels do not include the Lake Erie Correctional Institution and the North Coast Correctional Treatment Facility, which are state-owned prisons whose operations have been contracted out to private sector vendors. If those two correctional facilities were not privatized, the department would need to hire approximately 500 additional staff to run those operations.

LOCAL GOVERNMENT IMPACT

The principal local government fiscal impacts generated by the department's budget will be felt through activities and funds handled by the Division of Parole and Community Services. The Division of Parole and Community Services provides a mix of direct supervision and control services, as well as subsidy and contract dollars, to local jurisdictions for the handling of felons and misdemeanants. This has the practical effect of saving such jurisdictions, in particular counties, money that might otherwise have to be allocated for their local criminal justice systems. The FY 2002-2003 biennial operating budget contains no additional funding, or "new" money, to provide for the disbursement of additional subsidies to local governments. In fact, the department may be forced to cut back on existing subsidy levels, which more than likely would result in reductions to locally provided offender programs and services.

The Division of Parole and Community Services, however, does more than just provide subsidies. The true range of local community control sanctions provided by the division also includes: (1) parole personnel assigned to the Adult Parole Authority who supervise and control felons for various sentencing courts around the state, and (2) state–contracted halfway house beds that are made available to common pleas judges for directly sentencing felons to community control sanctions as opposed to making them a state burden by shipping them into the prison system.

INFLATION

The nature and size of the department's institutional operations – at the end of FY 2001 it was composed of 34 correctional facilities, roughly 45,260 inmates, and more than 14,000 prison staff – make its payroll and maintenance costs especially sensitive to changes in the costs of doing business. In the "prison business" the economic pressures are always pushing the costs associated with the delivery of essential goods and services upward (security, medical care, food, clothing, utilities, and so forth). Inflation is not a factor over which the department has much control and it has the potential to wield an extremely problematic fiscal effect on institutional agency budgets. Inflation has also had a particularly hard impact on the cost and availability of healthcare services delivered in correctional institutions. The FY 2001 inflation rate for medical services, measured by the Consumer Price Index, was 4.6 percent.

Labor shortages are also having an inflationary effect on the provision of dental and pharmacy services. Existing department contracts for healthcare services are not competitive with current market rates. The department's Bureau of Medical Services expects the cost of these contractual services to increase by anywhere from 20 percent to 30 percent when re-bid.

PAY RAISES

The department's GRF supported staff, which totals in excess of 14,700 paid positions, will generate an estimated total FY 2002 payroll expenditure of approximately $900 million and an estimated FY 2003 payroll expenditure of approximately $972 million. It should be clear that any kind of pay raises, in particular those that automatically kick in as a result of collective bargaining agreements, have a significant fiscal effect on the department's bottom line payroll costs, in particular those absorbed by the GRF.

BUDGET ISSUES

We have conceptually organized our following discussion of DRC's budget into four distinct program areas: (1) institutional operations, (2) parole and community services, (3) central administration, and (4) debt service. Generally, the reader will encounter a narrative built around GRF funding, with selective attention paid to certain departmental non-GRF accounts.

PROGRAM AREA: INSTITUTIONAL OPERATIONS

The Institutional Operations program series consists of programs that provide housing, security, maintenance, food, and support services for offenders who are sentenced to the custody of the department. Our analysis of this program series is organized around a mix of issues, programs, and selected non-GRF revenue streams.

Institutional Staffing Plan

Table 3 below summarizes the department's institutional staffing picture for the FY 2002-2003 biennium, given what we know at this time. The columns display: (1) the various GRF line items that support the department's staff payroll (Line Item), (2) the number of staff positions for which the department requested funding in its FY 2002-2003 biennial budget submission to the Office of Budget and Management that were calculated as being necessary to continue delivering the level of institutional services that were provided, or planned to be initiated, in FY 2001 (Continuation Positions), (3) the number of staff positions that actually appear to be funded in light of the appropriated amounts provided by the FY 2002-2003 biennial operating budget (Funded Positions), and (4) the number of non-funded staff positions, that is staff positions the department requested funding to continue FY 2001 institutional services and initiatives, but for which no funding was in effect appropriated (Non-Funded Positions).

Table 3 - Institutional GRF Staffing Levels

Line Item	Continuation Positions	Funded Positions	Non-Funded Positions
501-321	11,981	11,648	333
502-321	785	632	153
505-321	699	589	110
506-321	326	302	24
507-321	104	96	8
GRF Total	**13,895**	**13,267**	**628**

What Table 3 shows is that the department's FY 2002-2003 biennial operating budget does not provide the level of appropriations necessary to cover the calculated future annual payroll cost associated with the 13,895 GRF-funded staff positions it determined would be needed to continue FY 2001 services and initiatives. As a result, the department has made it clear that it will not be able to maintain or continue the institutional services that were delivered, or the initiatives that were undertaken, during FY 2001.

Thus the department will have to trim institutional operating costs, which means reductions in personal services, maintenance, and equipment expenses. Since prison operations tend to be labor intensive, payroll will have to be cut. This reduction could occur though any number of mechanisms, including attrition, early retirement buy-outs, and, although probably only as a last resort, layoffs.

Glouster Substance Abuse Treatment Camp

During FY 2001, the department was scheduled to activate a newly constructed 125-bed substance abuse treatment camp in Glouster (Athens County). The total number of camp staff was expected to be around 50 (24 correction officers, 6 operations, 9 food service, 3 medical services, 6 recovery services, and 2 education services), with all but 9 of those staff funded by the GRF. The total annual GRF cost for this camp, once fully operational, was estimated at $3.0 million. Given the problematic fiscal picture that was developing for state finances in the latter part of FY 2001, the department opted to put activation of the Glouster camp on hold. At this time, it appears highly unlikely that the FY 2002-2003 biennial operating budget provided a level of GRF funding that would permit the department to activate the Glouster camp anytime in the near future.

Mental Health Services

The Mental Health Services program provides care for inmates with a variety of mental health needs. The service delivery system concept in this program draws heavily from the notion of "clusters" used in community mental health care. All of the department's correctional institutions have been assigned to a cluster, with each cluster, or grouping, responsible for providing a continuum of care ranging from outpatient to residential services to inmates residing within that cluster. Inmates in need of hospitalization are transferred to the department's Oakwood Correctional Facility (Allen County), which currently houses around 190 male and female offenders in need of intensive psychiatric treatment.

The biennial operating budget provides less than the department's requested amount of GRF continuation funding it calculated was necessary to cover the annual operating costs associated with 785 authorized mental health services staff positions (payroll, maintenance, and equipment). As a result, the department will have to trim operational costs financed through GRF line item 501-321, especially in light of the escalating inflationary pressure on healthcare costs that are out of its control.

Medical Services

The Medical Services program provides primary and screening health care at all correctional institutions, as well as more specialized and acute care provided under a $26 million annual contractual arrangement with The Ohio State University Hospitals.

The biennial operating budget provides less than the department's requested amount of GRF continuation funding it calculated was necessary to cover the annual operating costs associated with 699 authorized medical services staff (payroll, maintenance, and equipment). As a result, the department will have to trim operational costs financed through GRF line item 505-321, especially in light of the escalating inflationary pressure on healthcare costs that are out of its control.

Education Services

The Education Services program provides educational opportunities for inmates, including adult basic education, high school equivalency, adult high school, vocational education, special education and literacy training, and pre-release programming.

In the GRF component of the biennial operating budget, less than the department's requested amount of GRF continuation funding is provided to cover the annual operating costs associated with 326 authorized education services staff (payroll, maintenance, and equipment). As a result, the department will have to trim operational costs financed through GRF line item 506-321. In addition, the department may reduce its financial commitment to higher education services and programs, but such a decision is somewhere off in the future.

Recovery Services

The recovery services program provides care for inmates with a variety of alcohol and other drug (AOD) service needs.

In the GRF component of the biennial operating budget, less than the department's requested level of continuation funding is provided to cover the annual operating costs associated with 104 authorized recovery services staff (payroll, maintenance, and equipment). As a result, the department will have to trim operational costs financed through GRF line item 507-321.

Prisoner Compensation

Inmates who work at jobs other than those associated with the Ohio Penal Industries receive a monthly wage that runs from $16 to $18. This "hierarchy of pay" has been in effect since 1982. The funds to support these payments are drawn from GRF line item 501-403, and it is important to understand that the amount spent annually is a direct function of the number of inmates who are working. As the size of the inmate population has grown, so have the numbers that work, thus spending is driven upward.

The biennial operating budget provides less than the department's requested level of GRF funding for paying inmates and issuing gate money. At this time, the department believes that it can work with this level of funding, without resorting to cutting inmate pay or gate money. The inmate population, as well as the number of offenders being released from prison, has more or less stabilized, thus there is not an ever increasing number of working inmates who would have to be paid or collecting gate money on the way out the prison door.

Prisoner Programs (Fund 4D4)

The revenue stream deposited into the non-GRF Prisoners Program Fund is used for the costs of construction, goods, and services that directly benefit inmates, as well as part of the cost of prisoner release payments.

The department has, in recent years, utilized a three-pronged strategy to tap into this fund's revenue stream. First, back in FY 1996, the department moved some existing fiscal burdens from the GRF to this non-GRF account. Second, the department has taken to tapping this revenue to undertake an expansion of programming services that are delivered to inmates. Third, this fund is used to assist in financing one-time construction projects, like buildings that will house various inmate programs.

The biennial operating budget continues the heavy tapping of this fund's rather healthy revenue stream. This spending level could become problematic should the revenue stream supporting it (collect telephone calls made by inmates), for whatever reason, weaken. Clearly, such a negative turn would put the department in the position of having to make some difficult decisions regarding resource allocations, particularly in light of the fact that there are, as of this writing, around 178 education services and 56 recovery services personnel paid from this fund.

Federal Truth-In-Sentencing (Fund 3S1)

Fund 3S1 serves as the depository for an ongoing federal grant that is administered by the department for the general purpose of funding construction or renovation projects that create additional bed space for the housing of violent offenders. A very small amount of this federal money is used to cover the department's administrative expenses, with the very large remainder disbursed as follows: 80 percent to the department, 15 percent to local governments for full-service jail projects, and 5 percent to the Department of Youth Services.

The biennial operating budget provides a level of funding that reflects the amount of this federal money that Ohio will be eligible for and draw down annually. The state cannot simply collect its annual federal award and bank it until it is needed; it can only draw on an awarded amount as it incurs costs. In this sense, it works more like a reimbursement program.

We feel compelled to note the rather notable difference between Fund 3S1's annual appropriation of around $23 million in each of the next two fiscal years when compared to the fact that the size of the federal grant award is expected to be around $15 million annually. The appropriations for FYs 2002 and 2003 represent grant money that the department has accumulated over time, but not yet spent. Those familiar with the dynamics of state capital money know it can take anywhere from three-to-six years to spend from the time at which it was appropriated. How much of this federal capital money will be disbursed in any particular fiscal year is highly uncertain, which means in many ways, setting this fund's appropriation authority involves some educated guesswork.

Offender Financial Responsibility (Fund 5H8)

Amended Substitute Senate Bill 111 of the 122nd General Assembly permits the department to collect "cost debts" from an offender, including, but not limited to, any user fee or co-payment for services, assessments for damage or destruction to institutional property, restitution to another offender or staff member, cost of housing and feeding, cost of supervision, and cost of any ancillary services. Any of these cost debts collected are directed into the Offender Financial Responsibility Fund (Fund 5H8), which the act created, and may be expended for goods and services of the same type as those for which offenders were assessed costs. To date, the only cost debt being collected is a $3 co-payment for voluntary sick calls, which generates about $400,000 annually.

The biennial operating budget basically provides a spending level for Fund 5H8, which will, given the department's current cost collection practice, cover some of the annual operating costs associated with the institutional medical services program.

Laboratory Services (Fund 593)

The existence of Fund 593 reflects the decision made in the fall of calendar year 1998, by the departments of Rehabilitation and Correction and Mental Health to merge their separate laboratory operations into one unified laboratory under the control of the Department of Rehabilitation and Correction. That arrangement was set further into motion by action of the Controlling Board that created the Laboratory Services Fund in October 1998, and then was codified by Am. Sub. H.B. 850, the capital appropriations act of the 122nd General Assembly. The laboratory is required to provide services to the departments of Rehabilitation and Correction, Mental Health, Mental Retardation and Developmental Disabilities, and Youth Services, and may also provide such services to other state, local, and private entities upon request. The department is required to determine the cost of operating this laboratory operation and charge for the cost of providing laboratory services. The moneys so collected are then deposited into Fund 593 and used to finance the laboratory's operation.

The biennial operating budget sets annual appropriation levels that reflect the amount of revenue that will be needed and available in each of FYs 2002 and 2003 to support the department's expanded laboratory.

PROGRAM AREA: PAROLE & COMMUNITY SERVICES

The mission of the Parole and Community Services program series is to protect Ohio citizens by ensuring appropriate supervision of offenders in community punishments, which are effective and hold offenders accountable. The bulk of the funding for this program series supports state and local efforts for the control and supervision of offenders who have been released from prison or who have been sentenced to community supervision by a local judge.

Two specific groupings within the Parole and Community Services program series – offender release/supervision and community sanctions – will be the subject of focus in the analysis below. The reader should keep in mind the basic distinction between "continuation funding" and "expansion funding." Continuation funding basically represents the amount of money that the department calculated it would take in FYs 2002 and 2003 to continue services that were being delivered during FY 2001. Expansion funding is essentially new money explicitly provided to undertake new initiatives, expand existing services, or hire new staff.

Offender Release and Supervision

The activities grouped here cover components of the Division of Parole and Community Services that provide offender release and community supervision services, jail inspection services, and victim services. The largest component encompasses activities of the Adult Parole Authority (APA). The APA is responsible for the release of offenders from prison (including operation of the Parole Board) and their supervision in the community thereafter (including offenders placed on parole, post-release control, and transitional control). The APA also provides supplemental or full community control supervision services to a number of counties and prepares pre-sentence investigations for county common pleas courts and offender background investigations on those sentenced to prison.

The biennial operating budget provides less than the GRF continuation funding level that the department calculated would be needed to cover the annual operating costs associated with an authorized staffing level of 1,197 positions (payroll, maintenance, and equipment), supported by line item 503-321, Parole and Community Operations. Around 600 of these staff are parole officers. No GRF expansion funding was provided to undertake new initiatives, expand existing services, or hire any new staff. Thus, reductions in staff, maintenance, and equipment costs will have to be made.

Community Sanctions

The Community Sanctions grouping contains four sub-programs that provide contract and subsidy dollars intended to ensure that, for the purposes of sanctioning offenders and protecting public safety, the state and local judges have access to a range of appropriate community-based controls as alternatives to prison and jail.

Sub-Program: Halfway Houses

Through the Halfway House sub-program, the department contracts with public and private agencies for the provision of residential placements for offenders who are: (1) released from prison under the supervision of the Adult Parole Authority, or (2) sentenced into community control by a common pleas court. The annual appropriation levels in the biennial operating budget for this sub-program (line item 501-405) provide the level of GRF funding that the department calculated would be necessary to fund its existing network of 1,575 halfway house beds. Given that the average length of stay in one of these beds is three-to-four months, this network can house anywhere from 4,725 to 6,300 felony offenders annually. The department had also requested GRF expansion funding in order to add 320 new halfway house beds to this network, but that funding was not appropriated.

Sub-Program: CBCFs

The Community-Based Correctional Facilities sub-program provides subsidy funds for the operation of community-based correctional facilities (CBCFs). CBCFs, which can be formed by counties or groups of counties with populations of 200,000 or more, exist for the diversion of nonviolent felony offenders from state prison and are operated by local judicial corrections boards formed by courts of common pleas. The state provides 100 percent of the financing for the construction, renovation, maintenance, and operation of these residential facilities, which house up to 200 felony offenders and offer services such as education, job training, and substance abuse treatment as an alternative to incarceration.

The department's plan calls for there eventually to be 19 CBCFs operational statewide, with the net result being that all of the state's 88 counties will have access to CBCF beds. At the close of FY 2001, there were 18 operational CBCFs statewide. The total number of available CBCF beds stood at 1,891, which allowed for the diversion of approximately 5,673 offenders annually, with an average length of stay of around four months.

The biennial operating budget (line item 501-501) contains less than the amount of GRF continuation funding that the department calculated would be necessary to support the level of services that these 18 CBCFs were providing in FY 2001. The department had also requested GRF expansion funding in order to add 300 new CBCF beds, but that funding was not appropriated. Thus, the department will have to find a way to cut its existing level of CBCF financial assistance in the FY 2002-2003 biennium, which could translate into some mix of fewer beds, lower per diem rates, and programming reductions.

The lone CBCF that is not operational, as of this writing, is a 200-bed facility planned for Cuyahoga County. The county was scheduled to receive capital funding for construction. It is unclear when that CBCF planned for Cuyahoga County will be constructed and operational due to ongoing siting problems. The completion of the project is presently estimated to occur sometime during FY 2003. Getting this site on-line carries significant potential, as felony commitments from Cuyahoga County alone typically make up around 25 percent of annual prison population intake. As a result of the level of GRF funding provided in the biennial operating budget, it now appears very unlikely that the department will build this CBCF anytime in the near future.

Sub-Program: Nonresidential Programs

The Community Nonresidential sub-program provides grants to counties to develop, implement, and operate intensive supervision and other community sanctions programs that divert felony offenders from prison or jail commitments. By the close of FY 2001, this subsidy program was supporting a total of 67 community sanctions programs, serving a total of around 9,625 or more felony offenders annually in 59 counties. The FY 2002-2003 biennial operating budget will not support a continuation of this level of programmatic activity (GRF line item 501-407). As a result, the department will conduct a review of all of the local community nonresidential programs that received funding in FY 2001, with an eye toward selectively eliminating or reducing its financial commitments.

Sub-Program: Misdemeanor Programs

This Community Misdemeanor sub-program is considered a jail population reduction effort, as it targets misdemeanant offenders and diverts them into alternative community control sanctions, most typically intensive supervision or pre-trial diversion, in lieu of confinement in a local jail. By the close of FY 2001, this subsidy program was supporting a total of 100 community sanctions programs, serving a total of around 20,450 misdemeanant offenders annually in 79 counties. The FY 2002-2003 biennial operating budget will not support a continuation of this level of programmatic activity (GRF line item 501-408). As a result, the department will conduct a review of all of the local community misdemeanor programs that received funding in FY 2001, with an eye toward selectively eliminating or reducing its financial commitments.

PROGRAM AREA: ADMINISTRATION

Program Description

This program essentially guides all of the correctional institutions and provides oversight and coordination for all departmental operations. It includes, but is not limited to, the director's office, human resources, training, legal services, management information systems, and fiscal monitoring and planning. Additionally, the Corrections Training Academy (CTA), located in Pickaway County's Orient Correctional Complex, is part of this program series. The CTA provides pre-service and in-service training to all departmental personnel, as well as other state agency personnel. In a sense, this program is somewhat analogous to what many might refer to as "Central Office."

Appropriations

The biennial operating budget (GRF line item 504-321) provides less than what the department calculated would be necessary to cover the annual operating costs associated with approximately 340 authorized staff positions (payroll, maintenance, and equipment). The department also requested additional GRF funding in order to hire five new Central Office staff, but that funding was not appropriated. Thus, some reduction in staff, maintenance, and equipment costs will have to be made.

PROGRAM AREA: DEBT SERVICE

Program Description

This program/line item picks up the state's debt service tab that must be paid to the Ohio Building Authority (OBA) for its obligations incurred as a result of issuing bonds that cover the department's capital appropriations. The appropriation authority and actual spending levels are set and controlled by the Office of Budget and Management (OBM), and not by the department.

The moneys made available as a result of these bonds have financed the design, construction, renovation, and rehabilitation phases of various departmental capital projects, as well as the construction and renovation costs associated with local projects (community-based correctional facilities and jails).

Appropriations

Since the start of FY 1991, the General Assembly has authorized departmental capital appropriations that total well in excess of $1.0 billion, which are financed exclusively by bonds issued by the OBA. The cumulative fiscal effect of servicing the obligations that have been issued, as well as those that are expected to be issued in FYs 2002 and 2003, is reflected in the department's steadily rising repayment stream (GRF line item 501-406).

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

DRC Rehabilitation and Correction, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	501-321	Institutional Operations	$ 662,038,387	$ 738,799,160	$769,736,068	$ 834,724,490	8.44%	$ 877,452,200	5.12%
GRF	501-403	Prisoner Compensation	$ 9,219,590	$ 9,257,805	$9,557,832	$ 8,837,616	-7.54%	$ 8,837,616	0.00%
GRF	501-405	Halfway House	$ 30,123,253	$ 31,582,939	$32,284,782	$ 34,573,018	7.09%	$ 35,673,018	3.18%
GRF	501-406	Lease Rental Payments	$ 110,507,325	$ 119,182,465	$127,664,186	$ 138,116,400	8.19%	$ 149,653,700	8.35%
GRF	501-407	Community Nonresidential Programs	$ 16,023,072	$ 15,893,375	$16,432,686	$ 15,150,792	-7.80%	$ 15,150,792	0.00%
GRF	501-408	Community Misdemeanor Programs	$ 7,360,025	$ 8,312,570	$8,603,202	$ 7,942,211	-7.68%	$ 7,942,211	0.00%
GRF	501-501	Community Residential Programs - CB	$ 40,222,801	$ 47,500,808	$51,086,493	$ 53,015,353	3.78%	$ 53,015,353	0.00%
GRF	502-321	Mental Health Services	$ 64,139,254	$ 71,876,584	$74,520,460	$ 63,861,558	-14.30%	$ 67,128,946	5.12%
GRF	503-321	Parole and Community Operations	$ 64,648,153	$ 71,394,050	$73,048,840	$ 73,332,328	0.39%	$ 78,711,552	7.34%
GRF	504-321	Administrative Operations	$ 25,881,513	$ 28,187,877	$26,570,072	$ 27,595,593	3.86%	$ 27,377,252	-0.79%
GRF	505-321	Institution Medical Services	$ 111,279,818	$ 115,082,680	$125,746,524	$ 114,465,573	-8.97%	$ 118,907,262	3.88%
GRF	506-321	Institution Education Services	$ 19,679,913	$ 22,609,354	$21,928,685	$ 22,981,953	4.80%	$ 24,048,209	4.64%
GRF	507-321	Institution Recovery Services	$ 5,067,801	$ 5,860,100	$6,778,178	$ 6,642,352	-2.00%	$ 6,951,387	4.65%
General Revenue Fund Total			**$ 1,166,190,905**	**$ 1,285,539,767**	**$ 1,343,958,008**	**$ 1,401,239,237**	**4.26%**	**$ 1,470,849,498**	**4.97%**
4B0	501-601	Penitentiary Sewer Treatment Facility S	$ 1,291,406	$ 1,334,731	$1,431,149	$ 1,535,919	7.32%	$ 1,614,079	5.09%
4D4	501-603	Prisoner Programs	$ 16,372,326	$ 19,999,495	$19,456,358	$ 21,872,497	12.42%	$ 23,135,230	5.77%
4L4	501-604	Transitional Control	$ 274,320	$ 233,160	$418,814	$ 401,772	-4.07%	$ 417,032	3.80%
483	501-605	Property Receipts	$ 113,697	$ 176,774	$191,892	$ 361,230	88.25%	$ 373,628	3.43%
571	501-606	Training Academy Receipts	$ 42,091	$ 55,474	$77,811	$ 71,567	-8.02%	$ 71,567	0.00%
4S5	501-608	Education Services	$ 1,986,556	$ 2,224,250	$3,206,233	$ 3,727,680	16.26%	$ 3,894,150	4.47%
5L6	501-611	Information Technology Services	----	----		$ 5,474,800	N/A	$ 3,561,670	-34.94%
4J3	501-612	Mental Health & Substance Abuse Trea	$ 854,901	$ 0		$ 0	N/A	$ 0	N/A
5H8	501-617	Offender Financial Responsibility	$ 162,518	$ 223,462	$91,720	$ 435,000	374.27%	$ 440,000	1.15%
593	501-618	Laboratory Services	----	$ 3,219,238	$3,675,521	$ 4,277,711	16.38%	$ 4,469,231	4.48%
General Services Fund Group Total			**$ 21,097,815**	**$ 27,466,584**	**$ 28,549,498**	**$ 38,158,176**	**33.66%**	**$ 37,976,587**	**-0.48%**
3S1	501-615	Truth-In-Sentencing Grants	$ 15,278,575	$ 14,565,656	$8,324,309	$ 22,906,042	175.17%	$ 23,432,796	2.30%
323	501-619	Federal Grants	$ 6,871,602	$ 6,269,449	$8,058,380	$ 10,246,790	27.16%	$ 10,246,790	0.00%
Federal Special Revenue Fund Group Total			**$ 22,150,177**	**$ 20,835,105**	**$ 16,382,689**	**$ 33,152,832**	**102.37%**	**$ 33,679,586**	**1.59%**
148	501-602	Services and Agricultural	$ 84,408,988	$ 87,290,019	$89,378,911	$ 95,102,123	6.40%	$ 98,634,008	3.71%

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DRC Rehabilitation and Correction, Department of							
200 501-607 Ohio Penal Industries	$ 35,539,572	$ 34,909,601	$37,497,311	$ 43,131,254	15.02%	$ 44,425,724	3.00%
Intragovernmental Service Fund Group Total	$ 119,948,560	$ 122,199,620	$ 126,876,222	$ 138,233,377	8.95%	$ 143,059,732	3.49%
Rehabilitation and Correction, Department of Total	$ 1,329,387,457	$ 1,456,041,076	$ 1,515,766,417	$ 1,610,783,622	6.27%	$ 1,685,565,403	4.64%

- RSC anticipates job placements to decrease 5% in FY 2002 and decrease 3% in FY 2003
- RSC expects the waiting list for vocational rehabilitation services to increase from 3,800 to approximately 7,000

Rehabilitation Services Commission

Maria E. Seaman, Budget Analyst

ROLE

The Rehabilitation Services Commission (RSC) provides vocational rehabilitation and other related services to eligible Ohioans with disabilities who seek employment. Since its inception in 1970, the commission has rehabilitated more than 250,000 Ohioans with disabilities. The mission of RSC is to work in partnership with Ohioans with significant disabilities to assist them in achieving greater community participation through opportunities for employment and independence. Most of the partnerships are designed to maximize federal, state, and local resources to promote quality jobs, improve access to employment services, and improve consumer choice in selecting community-based rehabilitation services.

During Federal Fiscal Year (FFY) 2000, RSC successfully rehabilitated 7,336 consumers, an 11.7 percent increase over FFY 1999. According to the commission, the 1990 federal census revealed that 369,000 adult Ohioans reported self-care limitations and 1,029,000 adults have disabilities that limit their mobility. Census figures also indicate that 62 percent of Ohioans of traditional workforce age who have a disability either are unemployed or prevented from working. (The U.S. Census Bureau has not yet released the results of Census 2000.)

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
1,294	$255.0 million	$252.1 million	$25.2 million	$25.9 million	Am. Sub. H.B. 94 Am. Sub. H.B. 299

OVERVIEW

Due to the state and federal appropriation levels in Am. Sub. H.B 94, RSC expects the waiting list for vocational rehabilitation (VR) services to increase. RSC has proposed several changes in the VR program to offset the shortfall of funds including phasing out the Pathways program and eliminating two of the three existing cash transfer agreements.

BUDGET ISSUES

Vocational Rehabilitation

The Vocational Rehabilitation (VR) program area provides direct, personalized VR services to help Ohioans with severe disabilities get and keep jobs and become self-sufficient. Through partnerships with many private and public entities, RSC provides employment opportunities, removes barriers to getting good jobs, and provides families and employers with the support needed to keep people with disabilities working and productive.

As the agency in Ohio designated to provide VR services under the Federal Rehabilitation Act of 1973, as amended, RSC is able to receive federal funding for its VR programs. For every $1 in state VR funds, RSC receives $3.69 in federal match.

Each year the federal VR program receives a cost of living adjustment (COLA) based on the Consumer Price Index. Each state's allocation of federal VR dollars is based largely on population demographics. Ohio's population is growing slower in relation to the nation's population. The result is less federal money available for Ohio's programs and a smaller percentage of the COLA. However, the population of persons with disabilities in Ohio continues to grow. Hence, the need for vocational rehabilitation services for those individuals increases as well.

***Pathways Program*:** Since 1993, RSC has entered into partnerships with political subdivisions, primarily community mental health boards and county boards of mental retardation. The local entities directly provide or contract with local vendors for vocational rehabilitation services for individuals served through the Pathways program. The local entities provide funds, which RSC uses to leverage federal VR dollars. During FYs 2000-2001, RSC received all available federal funds.

In anticipation of declining federal funds, RSC proposes to phase-out the Pathways program over the two-year period starting in FY 2001. As Pathways is phased-out, people receiving Pathways services will be reassigned to a RSC counselor to avoid any interruptions in an individual's rehabilitation services.

***Cash Transfer Agreements (CTAs) with other State Agencies*:** CTAs provide GRF dollars to match federal funds that are not directly appropriated in the RSC's budget.

In the past, RSC has joined other state agencies in partnerships to maximize federal funding in serving mutually-eligible Ohioans with disabilities. RSC has had CTAs with the Department of Youth Services (DYS), Bureau of Workers Compensation (BWC), Ohio Department of Alcohol and Drug Addiction Services (ADA), Department of Mental Retardation and Developmental Disabilities (DMR), Department of Mental Health (DMH), and Department of Human Services (HUM), which is now part of the Department of Job and Family Services (JFS).

Beginning in FY 1998, in lieu of CTAs, RSC received direct appropriations for the purpose of providing VR services to mutually-eligible consumers between RSC and DMR, DMH, and HUM (now JFS). CTAs continued between RSC and DYS, BWC, and ADA.

During the FY 2000-2001 biennium, the commission's CTAs provided $1,669,406 in state moneys to leverage $5,187,293 in federal matching funds for vocational rehabilitation services to mutually-eligible clients of RSC and its CTA partners.

Challenges in the administration of CTAs include assuring the mission of both agencies is fully served by the activities funded through the agreement. The commission's goal of helping its consumers find and retain employment can conflict, for example, with DYS' priority in taking youth offenders off the street or with ODADAS' priority of obtaining and maintaining treatment for drug and alcohol addiction.

For FY 2002 and FY 2003, CTAs with ODADAS and DYS have been eliminated. However, RSC will continue the CTA with BWC. RSC expects to receive $554,033 in FY 2002 and $570,654 in FY 2003 from BWC. The federal match for these moneys will total $4,155,534 in the FY 2002-2003 biennium.

As mentioned earlier, due to the federal allocation formula and Ohio's population growth relative to the rest of the nation, there are less federal VR dollars available to Ohio and subsequently a smaller COLA. RSC has been working with other states, similarly affected by the COLA issue. RSC is working toward adjusting the federal VR allocation formula to ensure each state receives at least the COLA. RSC has been working with the Governor's Washington office, the Ohio congressional delegation, and other interested parties to accomplish this goal. Resolving this issue requires legislative action at the federal level and RSC is working for change prior to the time next year's federal appropriations are made.

The final GRF appropriations for RSC were for $25.2 million in FY 2002 and $25.9 million in FY 2003. Approximately $1.5 million of the GRF appropriations for RSC come from a transfer of funds that originate at JFS. H.B. 94 requires JFS to file claims with the U.S. Department of Health and Human Services for reimbursement for all allowable expenditures for services provided by JFS, or other agencies that may qualify for Social Services Block Grant funding pursuant to Title XX of the Social Security Act. H.B. 94 requires that JFS, in FY 2002, deposit $600,000 of those reimbursement dollars into Fund 3W2, Title XX Rehabilitation. H.B. 299 requires that JFS, in FY 2003, deposit $897,052 of those reimbursements dollars into the same fund. On verification of the receipt of revenue into that fund, the Director of Budget and Management is to transfer those funds to the GRF. The funds are then appropriated to RSC in appropriation line item 415-506, Services for People with Disabilities. The amounts appropriated to that appropriation line item in H.B. 94 include the transferred funds.

Overall, the appropriation levels in H.B. 94 will enable RSC to match all federal funds available to Ohio for VR services. However, RSC anticipates a decrease in the number of competitive job placements for consumers with severe disabilities. Specifically, RSC expects job placements to decrease from 6,094 in FY 2001 to 5,800 in FY 2002, which is a 5 percent decrease. RSC anticipates placements to decrease from 5,800 in FY 2002 to 5,626 in FY 2003, which is a 3 percent decrease. However, RSC expects improvements in measures of program quality, such as hourly wage and hours worked per week. RSC expects the number of consumers waiting to be assisted by a VR counselor to increase from the current waiting list of 3,800 to approximately 7,000. A waiting list of 7,000 translates into approximately a five-month wait. According to RSC, this figure includes the variable of "where" in the rehabilitation process the consumers will be asked to wait. An individual may wait for initial contact with a counselor and then wait again for an eligibility evaluation. If the person is determined to be eligible, the person may wait for development of an individual plan of employment and then wait again before the plan is put into action.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

RSC Rehabilitation Services Commission

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	415-100	Personal Services	$ 7,391,023	$ 7,979,892	$7,699,244	$ 8,506,587	10.49%	$ 8,949,644	5.21%
GRF	415-401	Personal Care Assistance	$ 770,567	$ 952,483	$730,767	$ 943,374	29.09%	$ 943,374	0.00%
GRF	415-402	Independent Living Council	$ 414,533	$ 358,046	$454,141	$ 398,582	-12.23%	$ 398,582	0.00%
GRF	415-403	Mental Health Services	$ 742,499	$ 757,674	$776,449	$ 754,473	-2.83%	$ 754,473	0.00%
GRF	415-404	MR/DD Services	$ 1,305,253	$ 1,326,913	$1,375,570	$ 1,326,302	-3.58%	$ 1,326,301	0.00%
GRF	415-405	Vocational Rehabilitation/ Job and Fami	$ 554,659	$ 568,240	$582,562	$ 564,799	-3.05%	$ 564,799	0.00%
GRF	415-406	Assistive Technology	----	----		$ 50,000	N/A	$ 50,000	0.00%
GRF	415-431	Office for People with Brain Injury	$ 251,264	$ 104,914	$311,870	$ 246,856	-20.85%	$ 247,746	0.36%
GRF	415-506	Services for People with Disabilities	$ 7,539,287	$ 14,453,501	$12,773,917	$ 11,785,245	-7.74%	$ 12,082,297	2.52%
GRF	415-508	Services for the Deaf	$ 48,365	$ 118,031	$179,860	$ 145,040	-19.36%	$ 145,040	0.00%
GRF	415-509	Services for the Elderly	$ 372,043	$ 376,634	$393,702	$ 378,043	-3.98%	$ 378,044	0.00%
GRF	415-520	Independent Living Services	$ 60,109	$ 61,492	$61,319	$ 61,078	-0.39%	$ 61,078	0.00%
General Revenue Fund Total			**$ 19,449,602**	**$ 27,057,820**	**$ 25,339,400**	**$ 25,160,379**	**-0.71%**	**$ 25,901,378**	**2.95%**
4W5	415-606	Administrative Expenses	$ 15,477,019	$ 15,362,148	$15,173,266	$ 18,775,759	23.74%	$ 19,649,829	4.66%
467	415-609	Business Enterprise Operating Expense	$ 1,256,336	$ 1,432,213	$1,281,990	$ 1,585,602	23.68%	$ 1,493,586	-5.80%
5L9	415-621	TANF/PCA Maintenance of Effort	----	----	$28,192	$ 0	-100.00%	$ 0	N/A
5L9	415-622	TANF/PRCDR	----	----	$42,390	$ 0	-100.00%	$ 0	N/A
General Services Fund Group Total			**$ 16,733,355**	**$ 16,794,361**	**$ 16,525,838**	**$ 20,361,361**	**23.21%**	**$ 21,143,415**	**3.84%**
3L1	415-601	Social Security Personal Care Assistan	$ 2,396,544	$ 2,267,279	$2,829,645	$ 3,044,146	7.58%	$ 3,044,146	0.00%
3L1	415-603	Social Security Independent Living Serv	$ 0	----		----	N/A	----	N/A
3L1	415-604	Social Security Independent Living Cent	$ 0	----		----	N/A	----	N/A
3L1	415-605	Social Security Community Centers for t	$ 1,152,805	$ 1,037,557	$1,100,609	$ 1,100,488	-0.01%	$ 1,100,488	0.00%
3L1	415-607	Social Security Administration Costs	$ 131,134	$ 143,119	$138,732	$ 163,596	17.92%	$ 171,085	4.58%
3L1	415-608	Social Security Special Programs/ Assi	$ 625,006	$ 2,530,887	$2,960,702	$ 16,949,140	472.47%	$ 7,309,984	-56.87%
3L1	415-610	Social Security Vocational Rehabilitatio	$ 1,350,422	$ 1,496,884	$1,457,177	$ 1,338,324	-8.16%	$ 1,338,324	0.00%
3L4	415-611	Federal-Independent Living Council	$ 32,260	$ 191,648	$82,392	$ 0	-100.00%	$ 0	N/A
3L4	415-612	Federal Independent Living Centers or	$ 456,461	$ 613,434	$434,241	$ 681,726	56.99%	$ 681,726	0.00%
3L1	415-613	Supportive Services	$ 0	$ 0		$ 0	N/A	$ 0	N/A
3L1	415-614	Social Security Independent Living	$ 455,649	$ 229,404	$312,598	$ 0	-100.00%	$ 0	N/A

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
RSC Rehabilitation Services Commission									
3L4	415-615	Federal-Supported Employment	$ 2,007,351	$ 1,364,839	$1,569,561	$ 1,753,738	11.73%	$ 1,753,738	0.00%
379	415-616	Federal-Vocational Rehabilitation	$ 110,328,920	$ 107,155,473	$102,130,390	$ 107,747,928	5.50%	$ 110,980,366	3.00%
3L4	415-617	Independent Living/Vocational Rehabilit	$ 232,257	$ 238,115	$813,610	$ 1,033,853	27.07%	$ 1,035,196	0.13%
317	415-620	Disability Determination	$ 56,658,330	$ 60,712,084	$60,059,694	$ 68,752,767	14.47%	$ 71,452,334	3.93%
Federal Special Revenue Fund Group Total			**$ 175,827,139**	**$ 177,980,723**	**$ 173,889,351**	**$ 202,565,706**	**16.49%**	**$ 198,867,387**	**-1.83%**
468	415-618	Third Party Funding	$ 5,242,949	$ 3,640,126	$3,870,942	$ 1,231,465	-68.19%	$ 892,991	-27.49%
4L1	415-619	Services for Rehabilitation	$ 1,780,303	$ 3,422,070	$3,334,940	$ 5,698,621	70.88%	$ 5,260,262	-7.69%
State Special Revenue Fund Group Total			**$ 7,023,252**	**$ 7,062,196**	**$ 7,205,882**	**$ 6,930,086**	**-3.83%**	**$ 6,153,253**	**-11.21%**
Rehabilitation Services Commission Total			***$ 219,033,348***	***$ 228,895,100***	***$ 222,960,471***	***$ 255,017,532***	***14.38%***	***$ 252,065,433***	***-1.16%***

- Freeze for local government funds diverts moneys to GRF
- New property tax replacement funds compensate school districts and local governments

Revenue Distribution Funds

Allan Lundell, Senior Economist

ROLE

Revenue Distribution Funds are used by the state to collect and distribute, as directed by state law, moneys to local governments and to organizations, school districts, libraries, transit authorities, other state funds, and other states. Each of the funds is administered by a state agency, but the funds are not included as part of the budget of the administering agency. The moneys are not spent by the agencies, but are distributed as directed by state law. The funds are presented together to highlight their role in the redistribution function of state government.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
0	$4,290.7 million	$4,430.0 million	$0	$0	Am. Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 are $4,290,677,000. This amount is $279,799,200 greater than appropriations for FY 2001, a 7.0 percent increase. Appropriations for FY 2003 are $4,429,991,000. This amount is $139,314,000 greater than appropriations for FY 2002, a 3.2 percent increase.

BUDGET ISSUES

Local Government Funds

The budget freezes, for FY 2002 and FY 2003, amounts of state tax receipts that are deposited into and distributed from the Local Government Fund and the Local Government Revenue Assistance Fund at the levels of FY 2001. Although June 2001 deposits and July 2001 distributions will be made under existing law (amounts credited one month are distributed the next), the budget adjusts July 2001 deposits and August 2001 distributions so that the freeze effectively begins with the June 2001 deposits and July 2001 distributions. The same freeze applies to amounts deposited into and distributed from the Library and Local Government Support Fund, except that distributions to each county undivided library and local government support fund will be further reduced by the county's pro-rata share of any transfers made from the Library and Local Government Support Fund to the OPLIN (Ohio Public Library Information Network) Technology Fund. (See Operating Budget Analysis for the State Library Board.)

The freezes affect deposits and distributions of receipts from the personal income tax, the sales tax, the use tax, the corporate franchise tax, the public utilities excise tax, and the kilowatt hour tax. Tax receipts that would otherwise have been credited to local government funds will instead be credited to the General Revenue Fund (an adjustment is made to capture for the General Revenue Fund the June 2001 deposit of kilowatt hour taxes). Similarly, amounts that would have been transferred from the Income Tax Reduction Fund to the local government funds will also be transferred to the General Revenue Fund.

Property Tax Replacement Funds

The budget distributes money from a new fund created by Am. Sub. S.B. 3 of the 123rd General Assembly. Senate Bill 3 created the Local Government Property Tax Replacement Fund. The fund was created to replace property tax revenue lost due to valuation reductions on electric utility tangible property. The purpose of the fund was expanded by Am. Sub. S.B. 287 of the 123rd General Assembly to include replacement of property tax revenue lost due to valuation reductions on public utility property owned by natural gas companies. The fund receives a portion of the proceeds from the kilowatt-hour tax and the natural gas consumption tax. The first distribution from the fund is scheduled to occur in February 2002.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

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RDF Revenue Distribution Funds

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
4P8	001-698	Cash Management Improvement Fund	$ 2,002,302	$ 1,861,112	$2,693,194	$ 2,000,000	-25.74%	$ 2,000,000	0.00%
608	001-699	Investment Earnings	$ 341,721,338	$ 338,180,240	$399,810,478	$ 406,700,000	1.72%	$ 398,300,000	-2.07%
063	110-900	Permissive Tax Distribution	$ 1,248,270,082	$ 1,324,344,539	$1,353,947,707	$ 1,398,200,000	3.27%	$ 1,447,100,000	3.50%
062	110-900	Resort Area Excise Tax	$ 292,476	$ 486,365	$492,076	$ 500,000	1.61%	$ 500,000	0.00%
067	110-900	School District Income Tax	$ 128,887,294	$ 140,177,680	$147,852,582	$ 156,800,000	6.05%	$ 166,200,000	5.99%
Agency Fund Group Total			**$ 1,721,173,492**	**$ 1,805,049,936**	**$ 1,904,796,037**	**$ 1,964,200,000**	**3.12%**	**$ 2,014,100,000**	**2.54%**
049	038-900	Indigent Drivers Alcohol Treatment	$ 1,460,418	$ 1,723,560	$1,833,073	$ 2,100,000	14.56%	$ 2,300,000	9.52%
064	110-900	Local Government Revenue Assistance	$ 92,931,175	$ 98,170,209	$100,780,133	$ 100,600,000	-0.18%	$ 100,900,000	0.30%
065	110-900	Library and Local Government Support	$ 449,954,268	$ 473,423,531	$499,638,890	$ 506,700,000	1.41%	$ 508,100,000	0.28%
068	110-900	State and Local Government Highway D	$ 217,841,475	$ 222,779,462	$220,249,665	$ 233,750,000	6.13%	$ 238,893,000	2.20%
069	110-900	Local Government Fund	$ 635,019,271	$ 700,202,041	$720,789,395	$ 718,700,000	-0.29%	$ 720,400,000	0.24%
082	110-900	Horse Racing Tax	$ 139,629	$ 137,814	$138,133	$ 200,000	44.79%	$ 200,000	0.00%
060	110-900	Gasoline Excise Tax Fund	$ 108,451,654	$ 110,833,422	$109,727,700	$ 116,027,000	5.74%	$ 118,348,000	2.00%
054	110-901	Local Government Property Tax Replac	----	----	$0	$ 43,700,000	N/A	$ 88,800,000	103.20%
083	700-900	Ohio Fairs Fund	$ 2,893,469	$ 2,900,139	$2,817,731	$ 3,000,000	6.47%	$ 3,000,000	0.00%
050	762-900	International Registration Plan Distributi	$ 46,144,278	$ 68,131,149	$71,882,516	$ 58,000,000	-19.31%	$ 65,000,000	12.07%
051	762-901	Auto Registration Distribution	$ 448,539,710	$ 466,685,080	$461,745,552	$ 490,000,000	6.12%	$ 515,000,000	5.10%
066	800-900	Undivided Liquor Permits	$ 12,730,222	$ 12,440,077	$12,507,384	$ 13,500,000	7.94%	$ 13,750,000	1.85%
066	960-900	UNDIVIDED LIQUOR PERMITS	$ 0	----		----	N/A	----	N/A
Revenue Distribution Fund Group Total			**$ 2,016,105,569**	**$ 2,157,426,484**	**$ 2,202,110,172**	**$ 2,286,277,000**	**3.82%**	**$ 2,374,691,000**	**3.87%**
R45	110-617	International Fuel Tax Distribution	$ 31,028,601	$ 41,406,330	$37,477,268	$ 40,000,000	6.73%	$ 41,000,000	2.50%
International Fuel Tax Distribution Fund Group Total			**$ 31,028,601**	**$ 41,406,330**	**$ 37,477,268**	**$ 40,000,000**	**6.73%**	**$ 41,000,000**	**2.50%**
085	800-900	Volunteer Fire Fighters' Dependents Fu	$ 185,585	$ 188,690	$181,465	$ 200,000	10.21%	$ 200,000	0.00%
Volunteer Firefighters Dependents Fund Group Total			**$ 185,585**	**$ 188,690**	**$ 181,465**	**$ 200,000**	**10.21%**	**$ 200,000**	**0.00%**
Revenue Distribution Funds Total			***$ 3,768,493,247***	***$ 4,004,071,440***	***$ 4,144,564,942***	***$ 4,290,677,000***	***3.53%***	***$ 4,429,991,000***	***3.25%***

- Support debt service obligations through general obligation debt service
- Operating funds are increased

School Facilities Commission

Meegan M. Michalek, Economist

ROLE

The Ohio School Facilities Commission was created in Amended Substitute Senate Bill 102 of the 122nd General Assembly and charged with providing funding, management, oversight, and assistance for the construction and renovation of public school facilities. Since its inception, the commission has received nearly $3.0 billion in capital appropriations and now manages four major school construction and renovation programs and several smaller assistance programs. Capital project funds have come from two sources: 1) GRF surplus funds for respective fiscal years; and 2) bond proceeds, with appropriations for these purposes made in both operating and capital bills. Presently, the commission employs 59 full-time equivalent staff (FTE's).

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
59	$84.2 million	$99.4 million	$78.1 million	$92.0 million	Am. Sub. H.B. 94

OVERVIEW

The budget provides the commission with total operating appropriations of $84,160,621 in FY 2002 and $99,400,366 in FY 2003. About 93 percent of the total funding for the School Facilities Commission comes from the General Revenue Fund (GRF). GRF funding increased 87 percent in FY 2002 and by 19 percent in FY 2003. The final budget numbers do not differ from the original executive budget request.

In the FY 2002-2003 biennium, there will be three major areas of operational expenditures for the commission. These areas are supported through three line items. Line item 230-428, Lease Rental Payments, and line item 230-908, Common Schools Obligation Debt Service, are funded via the GRF. Line item 230-908 is a new line item authorized by a 1999 constitutional amendment that permits general obligation debt for the purpose of paying the costs of capital facilities for a system of common schools throughout the state. Operating expenses for the commission are located in line item 230-644, which is funded through Fund 5E3, Ohio School Facilities Commission Fund. Fund 5E3 is supported by various streams of revenues, with the most notable being interest generated from Fund 021, the Public School Building Fund and Fund 032, the School Building Assistance Fund.

Of the proposed appropriations, the overwhelming majority (92.8 percent in FY 2002 and 93.6 percent in FY 2003) would be dedicated to debt service payments appropriated through the Lease Rental Payments and Common Schools General Obligation Debt Service line items. Specifically, based on the recommendation, Lease Rental appropriations would be set at $41,645,300, a decrease of 0.25 percent from FY 2001, and $37,654,300 in FY 2003, a decrease of 9.6 percent from FY 2002. Common School General Obligation Debt Service Appropriations would be set at $36,418,800 in FY 2002 and $55,336,300 in FY 2003, a 52 percent increase over FY 2002. The Operating Expenses line item, meanwhile, would receive $6,096,521 in FY 2002 and $6,409,766 in FY 2003, an increase of 16.6 and 5.1 percent respectively. Moneys appropriated to the Operating Expenses would support the cost of administering the various school construction programs placed under the supervision of the commission including additional staffing, materials, and office space. Funding in this line item would also allow the commission to grant pay raises up to 5 percent per employee.

Line item 230-649, the Lottery Profits Education Fund Group, has been eliminated from this biennium. This is a 100 percent decrease from funding levels in FY 2001. Any additional requests for funding on this line item will now be handled through the capital budget rather than through the main appropriations bill.

Operating increases are on top of significant increases in FY 2000-2001. Supplemental appropriations of $2.49 million were made in FY 2001. This increase was used to support payments for expanded office space and up to 30 staff positions.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**	*Version:* **Enacted**						
SFC School Facilities Commission							
GRF 230-428 Lease Rental Payments	$ 58,472,048	$ 41,689,513	$41,706,824	$ 41,645,300	-0.15%	$ 37,654,300	-9.58%
GRF 230-908 Common Schools G. O. Debt Service	----	----		$ 36,418,800	N/A	$ 55,336,300	51.94%
General Revenue Fund Total	**$ 58,472,048**	**$ 41,689,513**	**$ 41,706,824**	**$ 78,064,100**	**87.17%**	**$ 92,990,600**	**19.12%**
5E3 230-644 Operating Expenses	$ 1,906,073	$ 2,385,980	$4,199,907	$ 6,096,521	45.16%	$ 6,409,766	5.14%
State Special Revenue Fund Group Total	**$ 1,906,073**	**$ 2,385,980**	**$ 4,199,907**	**$ 6,096,521**	**45.16%**	**$ 6,409,766**	**5.14%**
018 230-649 Disability Access Project	$ 2,292,594	$ 2,563,080	$63,966	$ 0	-100.00%	$ 0	N/A
Lottery Profits/Education Fund Group Total	**$ 2,292,594**	**$ 2,563,080**	**$ 63,966**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
School Facilities Commission Total	***$ 62,670,715***	***$ 46,638,573***	***$ 45,970,697***	***$ 84,160,621***	***83.07%***	***$ 99,400,366***	***18.11%***

- GRF funding increases 2.5% in FY 2002 and by 4.4% in FY 2003
- 7.2% decrease in federal funding (Title VI) in FY 2002, and a 0.3% increase in FY 2003

Ohio State School for the Blind

Meegan M. Michalek, Economist

ROLE

The Ohio State School for the Blind, located in Columbus, is a state-supported residential educational facility that provides services to Ohio's school-aged children with visual impairments, including those with multiple disabilities. Established in 1837, the Ohio State School for the Blind was the first state-supported residential school for the blind in the United States.

The school's goal is to enable its students to become self-sufficient and contributing members of society. Accordingly, it is dedicated to the intellectual, social, physical, and emotional growth of its students. The school offers a variety of academic and pre-vocational programs.

Enrollment at the school is approximately 122 students, aged 5 to 22, per year. Roughly 60 percent of the students live at the school Monday through Friday of each week. The remaining students commute to the school daily. Students are referred to the school by their home districts. Over any given four-year period the school will experience a 75 percent turnover, as students are able to get a good foundation and return to their home districts.

The educational program provides instruction and support services to students with wide ranges of ability levels and achievements. Of the total enrollment, approximately 50 percent of the students have a secondary disability that impacts the teaching and learning process. The elementary and high school programs must meet the standards established by the Ohio Department of Education, with whom the school is accredited. The school also maintains additional accreditation with the National Accreditation Council for Agencies Serving the Blind and Visually Handicapped.

Agency In Brief

Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
137	$8.2 million	$8.5 million	$6.7 million	$7.0 million	Am. Sub. H.B. 94

OVERVIEW

The overall budget provides $8,191,570 in FY 2002 (a 0.8 percent increase) and $8,496,151 in FY 2003 (a 3.7 percent increase). Funding originating from the General Revenue Fund (GRF) increased by 2.5 and 4.4 percent in FY 2002 and 2003 respectively. The budget for the upcoming biennium will enable the school to maintain its current level of service. The final budget numbers do not differ from the original executive budget request.

The school receives federal funding from two sources, the main source being Title VI-B discretionary funds. These funds are found in line item 226-626, Coordinating Unit. Approximately 95 percent of dollars received from this program are used for salaries. In FY 2003 this funding will increase slightly by 0.3 percent. These funds are used for the multi-handicapped students (24 staff positions serving a maximum 48 students). Without the Title VI-B federal funds or an alternative source, the multi-handicapped students would have to be returned to their school districts.

The school also receives federal funding through the reimbursement of services provided to Medicaid-eligible students. The amount the school receives varies based on the number of Medicaid-eligible students who are enrolled. There are no expected changes to the amount of this funding in the current biennium.

Maintenance spending decreases by 2.0 percent in FY 2002 and increases by 2.5 percent in FY 2003. Funding has been a problem on this line item (GRF 226-200) because of the increased utility costs during the first part of 2001. A chronically leaking roof and food costs have also been a drain on funding.

Funding for equipment was $129,288 in FY 2002 (a 7.9 percent decrease) and $142,770 in FY 2003 (a 2.5 percent increase). Equipment funding goes towards upgrading computer software and buying food service items. Graduates of the School for the Blind typically find jobs in the food service sector, so training is provided on site. With the current levels of funding, its seems unlikely that software and hardware programs will be upgraded and new food service equipment will be purchased.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill	*Version:* Enacted						
OSB School for the Blind, Ohio State							
GRF 226-100 Personal Services	$ 4,921,460	$ 5,483,398	$5,478,595	$ 5,880,065	7.33%	$ 6,157,563	4.72%
GRF 226-200 Maintenance	$ 718,597	$ 744,596	$887,066	$ 700,437	-21.04%	$ 717,948	2.50%
GRF 226-300 Equipment	$ 173,423	$ 57,312	$76,115	$ 139,288	83.00%	$ 142,770	2.50%
General Revenue Fund Total	**$ 5,813,480**	**$ 6,285,306**	**$ 6,441,776**	**$ 6,719,790**	**4.32%**	**$ 7,018,281**	**4.44%**
4H8 226-602 Education Reform Grants	$ 37,667	$ 52,024	$15,475	$ 30,652	98.07%	$ 31,476	2.69%
General Services Fund Group Total	**$ 37,667**	**$ 52,024**	**$ 15,475**	**$ 30,652**	**98.07%**	**$ 31,476**	**2.69%**
310 226-626 Coordinating Unit	$ 1,057,944	$ 1,483,662	$1,369,992	$ 1,274,274	-6.99%	$ 1,278,475	0.33%
3P5 226-643 Medicaid Professional Services Reimbu	$ 26,205	$ 92,909	$59,407	$ 125,000	110.41%	$ 125,000	0.00%
Federal Special Revenue Fund Group Total	**$ 1,084,149**	**$ 1,576,571**	**$ 1,429,399**	**$ 1,399,274**	**-2.11%**	**$ 1,403,475**	**0.30%**
4M5 226-601 Work Study & Technology Invest	$ 19,843	$ 26,341	$42,493	$ 41,854	-1.50%	$ 42,919	2.54%
State Special Revenue Fund Group Total	**$ 19,843**	**$ 26,341**	**$ 42,493**	**$ 41,854**	**-1.50%**	**$ 42,919**	**2.54%**
School for the Blind, Ohio State Total	***$ 6,955,139***	***$ 7,940,242***	***$ 7,929,143***	***$ 8,191,570***	***3.31%***	***$ 8,496,151***	***3.72%***

- GRF funding increases 2.2% in FY 2002 and by 4.7% in FY 2003
- 6 staff positions will be filled in this biennium

Ohio State School for the Deaf

Meegan M. Michalek, Economist

ROLE

The Ohio State School for the Deaf, located in Columbus, is a state-supported residential school that provides educational services to Ohio's hearing-impaired children. The school was founded in 1829 and is accredited and supervised by the Ohio State Board of Education.

The school's mission is to provide quality comprehensive, sequential education, vocational training, and social and cultural development services to Ohio's deaf and hearing-impaired children so that they can achieve their greatest potential and become independent and contributing citizens of the state. The school's educational program provides instruction and support services for students with a wide range of ability levels, achievement, degrees of hearing loss, and communication needs.

The school serves between 165 and 185 students, ages 5 to 22, per year. Students who live outside the Columbus area take part in the school's residential program, while those who live in Columbus commute to the school daily. All students return home each weekend.

Due to the unique communication and language needs of deaf children, class sizes are kept small. Instruction focuses on individualized attention and the development of communication skills. The school employs both academic and vocational teachers as well as support services specialists in the following areas: physical education, art, library, speech therapy, psychology, counseling, audiology, occupational therapy, vocational assessment and job placement, and behavior modification.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
146	$10.3 million	$10.7 million	$8.9 million	$9.3 million	Am. Sub. H.B. 94

OVERVIEW

The school's total funding for FY 2002 is $10,318,441, an increase of 2.5 percent; and funding for FY 2003 is $10,693,637, a 3.5 percent increase. Funding from the General Revenue Fund (GRF) contributes approximately 87 percent of the School's total funding. GRF funds total $8,931,827 in FY 2002 and $9,317,357 in FY 2003. The final budget numbers do not differ from the original executive budget request.

Funding for Personal Services (GRF line 221-100) will increase by 2.2 percent in FY 2002 and by 4.7 percent in FY 2003. The school will continue to maintain current staff levels and attempt to fill six vacant positions.

Maintenance funding decreases by less than 0.1 percent in FY 2002 to $998,197 and increases in FY 2003 by 2.0 percent to $1,018,160. The school's priorities for the biennium are utilities, food, supplies, and large maintenance repair costs. The current buildings on campus are now 50 years old and are in need of major repairs, both preventative and restorative.

The Even Start program will see a 16.3 percent decrease in federal funding in FY 2003 and a 22.0 percent decrease in state funding in FY 2003. Funding for Even Start has been part of a four-year federal grant. Fiscal year 2003 is the fourth year of funding, so the federal share may not exceed 60 percent of the cost. Even Start is a literacy program for children aged birth to seven and their parents. Parents must be eligible for participation in the federal and state Adult Basic and Literacy Education (ABLE) under the Adult Education Act or within compulsory school attendance age.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill			**Version:** Enacted						
OSD School for the Deaf, Ohio State									
GRF	221-100	Personal Service	$ 6,238,908	$ 6,719,888	$7,028,853	$ 7,662,763	9.02%	$ 8,022,913	4.70%
GRF	221-200	Maintenance	$ 1,003,540	$ 950,240	$1,082,186	$ 998,197	-7.76%	$ 1,018,160	2.00%
GRF	221-300	Equipment	$ 300,083	$ 207,587	$231,647	$ 270,867	16.93%	$ 276,284	2.00%
General Revenue Fund Total			**$ 7,542,531**	**$ 7,877,715**	**$ 8,342,687**	**$ 8,931,827**	**7.06%**	**$ 9,317,357**	**4.32%**
4M1	221-602	Education Reform Grants	$ 45,994	$ 53,935	$81,206	$ 68,107	-16.13%	$ 70,701	3.81%
General Services Fund Group Total			**$ 45,994**	**$ 53,935**	**$ 81,206**	**$ 68,107**	**-16.13%**	**$ 70,701**	**3.81%**
3U4	221-603	Even Start	----	$ 47,885	$92,494	$ 125,000	35.14%	$ 104,625	-16.30%
311	221-625	Coordinating Unit	$ 625,267	$ 762,320	$754,720	$ 910,000	20.57%	$ 933,400	2.57%
3R0	221-684	Medicaid Professional Services Reimbu	$ 20,317	$ 72,602	$61,771	$ 90,464	46.45%	$ 111,377	23.12%
Federal Special Revenue Fund Group Total			**$ 645,584**	**$ 882,807**	**$ 908,985**	**$ 1,125,464**	**23.82%**	**$ 1,149,402**	**2.13%**
4M0	221-601	Educational Program Expenses	$ 17,851	$ 40,954	$13,911	$ 35,320	153.90%	$ 33,188	-6.04%
5H6	221-609	Even Start Fees & Gifts	----	----	$8,638	$ 157,723	1,725.95%	$ 122,989	-22.02%
State Special Revenue Fund Group Total			**$ 17,851**	**$ 40,954**	**$ 22,549**	**$ 193,043**	**756.12%**	**$ 156,177**	**-19.10%**
School for the Deaf, Ohio State Total			***$ 8,251,960***	***$ 8,855,411***	***$ 9,355,426***	***$ 10,318,441***	***10.29%***	***$ 10,693,637***	***3.64%***

- Shift in emphasis from infrastructure to instructional and professional development support
- Budget allots $43.7 and $43.1 million over the biennium

Ohio SchoolNet Commission

Meegan M. Michalek, Economist

Role

The Ohio SchoolNet Commission, formerly known as the Ohio SchoolNet Office and as the Office of Information, Learning and Technology, began in 1994 as an office within the Department of Education. Currently, agency staff serve under the supervision of an executive director appointed by the eleven-member Ohio SchoolNet Commission. They are responsible for administering various programs that support SchoolNet's mission: "To provide leadership, coordination, and oversight in the acquisition and responsible use of technology in schools, to facilitate equitable access and measurable improvement in learning, and to contribute to an educated society."

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
83	$43.8 million	$43.0 million	$23.9 million	$23.2 million	Am. Sub. H.B. 94

Overview

The budget allocates expenditures of $43,799,278 in FY 2002 and $43,018,744 in FY 2003, a decrease of 63.3 percent and 1.8 percent respectively. These figures increased slightly from the proposed executive budget. About 54 percent of total funding for the SchoolNet Commission originates from the General Revenue Fund (GRF). These figures are for the main operating budget and do not include moneys from the Education Technology Trust Fund (see the "Budget Issues" section). The major areas of expenditures include technology and professional development, operating expenses, and continued subsidy payments to school districts. The total budget decreases by 63.3 percent in FY 2002 due to a one-time appropriation transfer made in FY 2000-2001 biennium, and the fact that funding for the RISE-Interactive Parenting project will move to the Department of Education's budget beginning in FY 2002. This budget does not appropriate any funds for SchoolNet Plus (line item 228-698), and this causes most of the percentage decrease for FY 2002. If SchoolNet Plus funds are not included in the FY 2001 budget, the decrease for total appropriations in the FY 2002 budget is only 14 percent. General Revenue Fund (GRF) appropriations decrease by only 8.1 percent and 3 percent in FYs 2002 and 2003, respectively.

SchoolNet Plus funds were primarily allocated for the purchase of additional hardware. An examination of the appropriations reveals a shift in priorities in SchoolNet operations from the provision of hardware to one of providing greater technical service to the educational technology community. To this end, the budget increases appropriations for Personal Services by 36 percent in FY 2002 and by five percent in FY 2003. The SchoolNet Commission will increase total staff levels to 83 members for the biennium.

Related to the priority placed on providing an increased level of service and in an attempt to bolster accountability in how professional development funds are spent, the budget separates appropriations intended to support technical and professional development activities in a Technical and Instructional Development line item (228-406). This line item is comprised largely of subsidy payments provided to the education technology community. The current budget appropriates $10,475,898 in FY 2002 and $10,172,630 in FY 2003 to support the development and implementation of educational technology as well as for technical and professional development assistance. Of the total appropriation, the budget allocates $1,400,000 in each year of the biennium for the Ohio Educational Telecommunications Network (OEB) to make grants to provide interactive instructional programming services targeted to the poorest 200 school districts statewide. Of this money, up to $55,000 may be used for the process of administering the grants. The budget also allocates $2,900,000 in each year of the biennium to support Technology Equity Grants. These grants are used to subsidize district efforts to acquire support for technology. This funding is down $200,000 from previous levels. In addition to these grant programs, the remainder of the 228-406 line item would be used within SchoolNet to support the use of technology and the quality of technology-related professional development.

The budget decreases spending for Educational Technology (line item 228-539) by 8.5 percent in FY 2002 and 4.1 percent in FY 2003. The two main objectives of this line item are to ensure the access of all Ohio schools to educational television programming and to provide them with a variety of instructional media. Educational television programming and instructional media are provided through Educational Technology Corporations (ETC's) and Area Media Centers (AMC's). Funding for the ETC's for this current biennium is $5,200,000, a drop of nine percent. The contract with AMC's will increase by $4,550 in FY 2002, but will face a $250,000 drop in FY 2003.

BUDGET ISSUES

EDUCATION TECHNOLOGY TRUST FUND

The Education Technology Trust Fund was created by Am. Sub. S.B. 192 in the 123rd General Assembly using profits from the Tobacco Settlement. This act originally allocated funds for FY 2001 and FY 2002. Since the Tobacco Revenue Budget is on a separate biennial budget cycle from the state's main operating budget, this budget for FY 2002 and FY 2003 does not contain any proposals for using the tobacco revenue. The trust fund money is to be used to pay costs of new and innovative technology for both primary and secondary education (including chartered nonpublic schools) and higher education including state institutions of higher education and private nonprofit institutions of higher education certified by the Board of Regents. Currently, there is $24 million in available funds for FY 2002 for the SchoolNet Commission, which can be spent at any time. This amount receives interest compounded annually which is then credited back into the account.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**			*Version:* **Enacted**						
NET SchoolNet Commission									
GRF	228-404	Operating Expenses	$ 17,183,727	$ 5,185,265	$5,133,715	$ 7,255,189	41.32%	$ 7,117,741	-1.89%
GRF	228-406	Technical & Instruc. Professional Devel	$ 0	$ 11,652,778	$12,929,548	$ 10,475,898	-18.98%	$ 10,172,630	-2.89%
GRF	228-539	Education Technology	$ 6,550,072	$ 6,707,421	$6,732,881	$ 6,161,096	-8.49%	$ 5,910,596	-4.07%
GRF	228-559	RISE-Interactive Parenting	$ 1,200,000	$ 1,200,000	$1,200,000	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 24,933,799**	**$ 24,745,464**	**$ 25,996,144**	**$ 23,892,183**	**-8.09%**	**$ 23,200,967**	**-2.89%**
5L3	228-601	E-Rate Program	----	----	$31,080	$ 0	-100.00%	$ 0	N/A
5D4	228-640	Conference/Special Purpose Exp	$ 15,064	$ 697	$291,975	$ 510,700	74.91%	$ 521,382	2.09%
5G0	228-650	Interactive Distance Learning	$ 4,094,643	$ 5,090,232	$2,923,949	$ 0	-100.00%	$ 0	N/A
General Services Fund Group Total			**$ 4,109,707**	**$ 5,090,929**	**$ 3,247,004**	**$ 510,700**	**-84.27%**	**$ 521,382**	**2.09%**
3S3	228-655	Technology Literacy Challenge	$ 16,736,049	$ 14,700,072	$13,559,153	$ 15,918,780	17.40%	$ 15,918,780	0.00%
Federal Special Revenue Fund Group Total			**$ 16,736,049**	**$ 14,700,072**	**$ 13,559,153**	**$ 15,918,780**	**17.40%**	**$ 15,918,780**	**0.00%**
4W9	228-630	Ohio SchoolNet Telecommunity	$ 2,051,413	$ 1,444,081	$1,060,940	$ 547,615	-48.38%	$ 447,615	-18.26%
4X1	228-632	Distance Learning/Admin	$ 38,037	$ 0		$ 0	N/A	$ 0	N/A
4X1	228-634	Distance Learning	$ 3,550,867	$ 5,101,593	$3,122,888	$ 2,930,000	-6.18%	$ 2,930,000	0.00%
4Y4	228-698	SchoolNet Plus	$ 72,209,307	$ 20,635,786	$68,291,312	$ 0	-100.00%	$ 0	N/A
State Special Revenue Fund Group Total			**$ 77,849,624**	**$ 27,181,460**	**$ 72,475,140**	**$ 3,477,615**	**-95.20%**	**$ 3,377,615**	**-2.88%**
017	228-690	SchoolNet Electrical Infrastructure	$ 6,929,621	$ 6,564,125	$4,109,194	$ 0	-100.00%	$ 0	N/A
Lottery Profits/Education Fund Group Total			**$ 6,929,621**	**$ 6,564,125**	**$ 4,109,194**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
SchoolNet Commission Total			***$ 130,558,800***	***$ 78,282,050***	***$ 119,386,634***	***$ 43,799,278***	***-63.31%***	***$ 43,018,744***	***-1.78%***

- Retention of 100% of fees in SOS's Business Services Division reduces SOS's reliance on GRF funds by approximately 61%.
- Ongoing technology upgrades throughout SOS facilitates e-business and reduces filing backlogs.
- The Office of the Notary Commission is transferred from the Governor's Office to the Secretary of State.

Secretary of State

Carol Robison, Budget Analyst

ROLE

The Secretary of State oversees Ohio elections and supervises the 88 county boards of elections in their duties related to conducting elections. As Ohio's chief election officer, SOS supervises the administration of election laws, approves ballot language, and reviews statewide initiative and referendum petitions.

The Secretary of State has two program areas: Elections Oversight and Administration (EOA) and Business Services, with Business Services employing 52 percent of the SOS's staff. In the past, the Business Services Division has been funded through a blend of GRF and rotary fund revenue.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
162	$16.2 million	$16.4 million	$3.6 million	$3.8 million	Am. Sub. H. B. 94

OVERVIEW

The one significant change in funding comes with the provision in enacted Am. Sub. H.B. 94 that calls for the Secretary of State to retain 100 percent of the filing fees, received as revenue to the Business Services Division. This provision will enable the Business Services Division to become a completely cash operating system.

As part of Am. Sub. H.B. 94, the Office of the Notary Commission is transferred from the Governor's Office to the Secretary of State. The Notary Commission has appropriations of $166,284 in FY 2002 and $171,273 in FY 2003 in the General Services Fund Group.

BUDGET ISSUES

FILING FEES

The enactment of Am. Sub. H.B. 94 of the 124th General Assembly increases select filing fees and alters the percent of filing fees from 50 percent to 100 percent that are retained by the SOS's Business Services Division. The following sections prescribe fee changes for the Secretary of State's Business Services Division: 111.16, 111.23, 1309.40, 1309.402, 1309.42, 1309.01, 1329.06, 1329.07, 1329.42, 1329.45, 1329.56, 1329.58, 1329.60, 1329.601, 1701.07, 1701.81, 1702.06, 1702.43, 1702.59, 1703.15, 1703.17, 1703.27, 1703.31, 1705.05, 1705.06, 1705.38, 1746.04, 1746.06, 1746.15, 1747.03, 1747.04, 1747.10, 1775.63, 1782.433, and 1785.06. These fees will be deposited into the Corporate and Uniform Commercial Code Filing Fund, rather than into GRF. In the past, these fees were deposited into the GRF and later transferred back to the SOS's Business Services Division through the Controlling Board.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

SOS *Secretary of State*

Fund	ALI	Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	050-321	Operating Expenses	$ 7,365,068	$ 8,585,716	$9,887,335	$ 3,250,500	-67.12%	$ 3,250,500	0.00%
GRF	050-403	Election Statistics	$ 127,306	$ 79,962	$83,025	$ 144,759	74.36%	$ 152,559	5.39%
GRF	050-407	Poll workers Training	$ 166,000	$ 174,227	$290,760	$ 227,929	-21.61%	$ 322,686	41.57%
GRF	050-409	Litigation Expenditures	$ 39,222	$ 26,750	$7,531	$ 25,817	242.83%	$ 27,208	5.39%
General Revenue Fund Total			**$ 7,697,596**	**$ 8,866,655**	**$ 10,268,651**	**$ 3,649,004**	**-64.46%**	**$ 3,752,952**	**2.85%**
413	050-601	Information Systems	$ 130,850	$ 157,356	$167,396	$ 153,300	-8.42%	$ 157,133	2.50%
414	050-602	Citizen Education Fund	$ 16,652	$ 9,650	$7,544	$ 80,000	960.41%	$ 70,000	-12.50%
5M3	050-604	Precinct Reimbursement Expense	----	----	$472,101	$ 0	-100.00%	$ 0	N/A
412	050-607	Notary Commission	----	----		$ 166,284	N/A	$ 171,273	3.00%
4B9	050-608	Campaign Finance Disk Sales	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4S8	050-610	Board of Voting Machine Examiners	$ 1,196	$ 3,822	$3,131	$ 7,200	129.96%	$ 7,200	0.00%
General Services Fund Group Total			**$ 148,698**	**$ 170,828**	**$ 650,173**	**$ 406,784**	**-37.43%**	**$ 405,606**	**-0.29%**
599	050-603	Business Services Operating Expenses	$ 2,154,738	$ 4,292,768	$3,254,240	$ 11,880,000	265.06%	$ 11,979,000	0.83%
State Special Revenue Fund Group Total			**$ 2,154,738**	**$ 4,292,768**	**$ 3,254,240**	**$ 11,880,000**	**265.06%**	**$ 11,979,000**	**0.83%**
R01	050-605	Uniform Commercial Code Refunds	$ 34,396	$ 39,318	$51,570	$ 65,000	26.04%	$ 65,000	0.00%
R02	050-606	Corporate/Business Filing Refunds	$ 510,419	$ 333,196	$258,946	$ 185,000	-28.56%	$ 185,000	0.00%
Holding Account Redistribution Fund Group Total			**$ 544,815**	**$ 372,514**	**$ 310,516**	**$ 250,000**	**-19.49%**	**$ 250,000**	**0.00%**
Secretary of State Total			***$ 10,545,847***	***$ 13,702,765***	***$ 14,483,580***	***$ 16,185,788***	***11.75%***	***$ 16,387,558***	***1.25%***

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill *Version:* Enacted							
OBB Ballot Board							
GRF 052-501 Ballot Advertising Reimbursement	$ 321,680	$ 336,140	$387,848	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total	**$ 321,680**	**$ 336,140**	**$ 387,848**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
Ballot Board Total	***$ 321,680***	***$ 336,140***	***$ 387,848***	***$ 0***	***-100.00%***	***$ 0***	***N/A***

- GRF accounts for 96.2% of the total Senate budget
- FY 2002 appropriations represent 19.8% increase from actual FY 2001 expenditures

Senate

Jeffrey M. Rosa, Senior Budget Analyst

ROLE

The role of the Senate, in conjunction with the Ohio House of Representatives, is to enact the laws of the state, the authority for which is provided in the Ohio Constitution. The Senate considers bills that may alter or create state law, as well as resolutions, which are formal expressions of the wishes and opinions of the Senate.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
233	$11.5 million	$11.5 million	$11.0 million	$11.0 million	Am. Sub. H.B. 94

OVERVIEW

The Senate's budget consists of both General Revenue and General Services funds, with the former comprising approximately 96 percent of total funding. The majority of Senate expenditures cover the salaries and fringe benefits of the 33 members of the Senate, 125 full-time employees, and 75 part-time pages and constituent aides.

Total appropriation authority of $23.0 million in the Senate budget is equally divided between FYs 2002 and 2003. The appropriation authority of $11.5 million per year is 19.8 percent greater than fiscal year 2001 actual expenditures, which totaled $9.6 million. The appropriations contained in Am. Sub. H.B. 94 will cover the increase in legislative salaries authorized by Sub. H.B. 712 of the 123rd General Assembly.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill			**Version:** Enacted						
SEN Senate									
GRF	020-321	Operating Expenses	$ 8,473,226	$ 9,805,687	$9,560,699	$ 11,031,059	15.38%	$ 11,031,059	0.00%
GRF	020-401	Agency Rule Review	$ 0	----		----	N/A	----	N/A
General Revenue Fund Total			**$ 8,473,226**	**$ 9,805,687**	**$ 9,560,699**	**$ 11,031,059**	**15.38%**	**$ 11,031,059**	**0.00%**
409	020-601	Miscellaneous Sales	$ 6,239	$ 6,150	$6,648	$ 30,980	365.99%	$ 30,980	0.00%
102	020-602	Senate Reimbursement	$ 104,415	$ 0		$ 402,744	N/A	$ 402,744	0.00%
General Services Fund Group Total			**$ 110,654**	**$ 6,150**	**$ 6,648**	**$ 433,724**	**6,423.86%**	**$ 433,724**	**0.00%**
Senate Total			***$ 8,583,880***	***$ 9,811,837***	***$ 9,567,347***	***$ 11,464,783***	***19.83%***	***$ 11,464,783***	***0.00%***

- Appropriations to the Sinking Fund provide for debt service payments on Ohio's general obligation debt
- The Sinking Fund receives its operating funds through a line item in the Treasurer of State's budget

Commissioners of the Sinking Fund

Ruhaiza Ridzwan, Economist

ROLE

The Commissioners of the Sinking Fund administer the debt service payments for state general obligation bonds issued for the following purposes: primary and secondary education facilities, higher education facilities, coal research and development, parks and natural resources capital improvements, conservation projects, local infrastructure projects, and highways.

Under Am. Sub. H.B. 640 of the 123rd General Assembly (effective September 14, 2000) the Sinking Fund authority to issue obligations for parks and natural resources capital improvements (pursuant to Section 21 of Article VIII of the Ohio Constitution) and coal research and development (pursuant to Section 15 of Article VIII of the Ohio Constitution) was transferred to the Ohio Public Facilities Commission. The authority to issue highway capital improvements general obligation bonds (pursuant to Section 2m of Article VII of the Ohio Constitution) was transferred to the Treasurer of State.

In addition Am. Sub. H.B. 3 of the 124th General Assembly (effective July 26, 2001) authorized the Ohio Public Facilities Commission to issue obligations for conservation projects pursuant to Section 20 of Article VIII of the Ohio Constitution and added appropriation authority to the Commissioners of the Sinking Fund to facilitate the debt service payments for those projects.

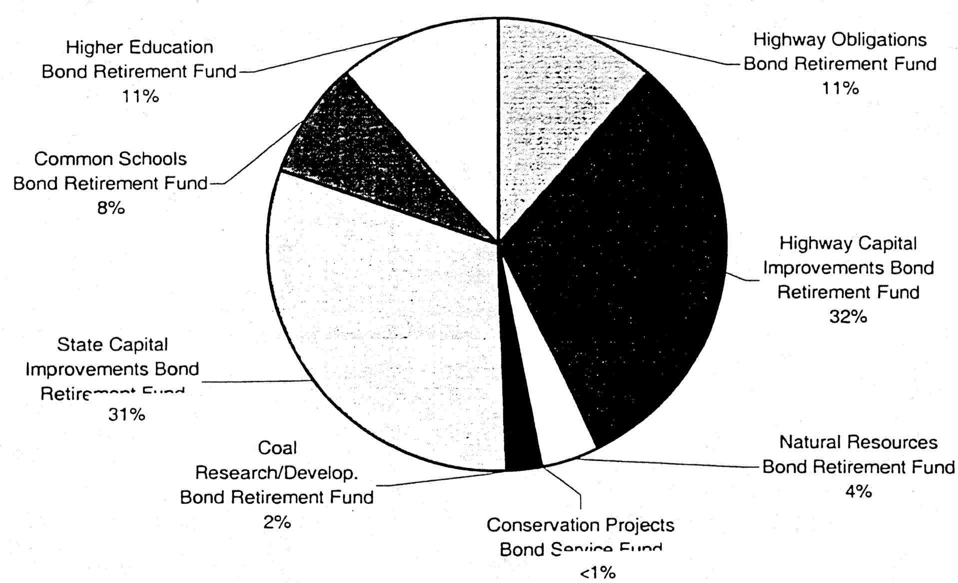
The Board of Commissioners of the Sinking Fund consists of five members. The Auditor of State serves as the president of the board and the Secretary of State serves as the secretary. The remaining three members are the Governor, the Treasurer of State, and the Attorney General. The Sinking Fund has an office in the Treasurer of State's office and receives its operating funds through a line item in the Treasurer of State operating budget (ALI 090-401).

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
0	$439.1 million	$513.8 million	$0	$0	Am. Sub. H.B. 94 and H.B. 3

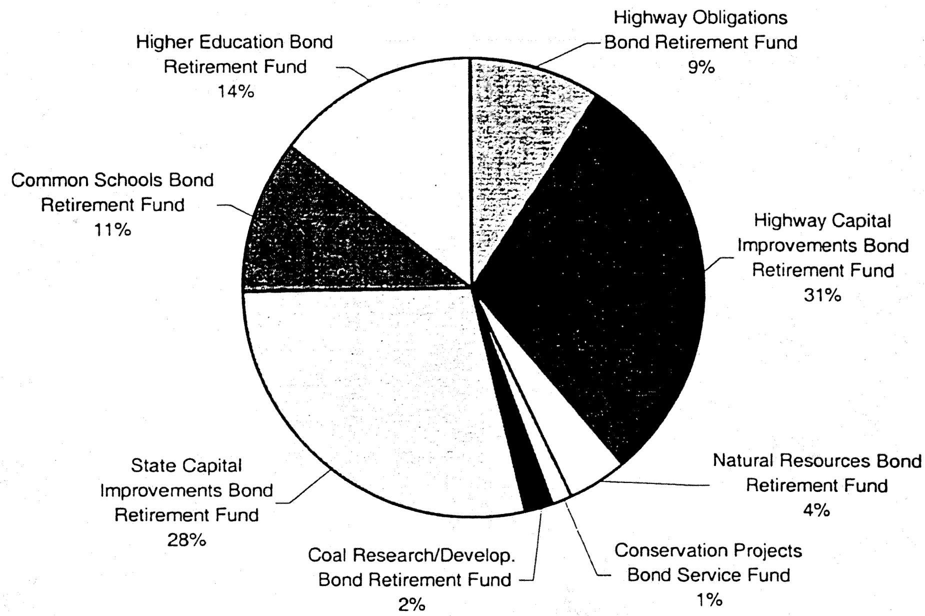
OVERVIEW

Appropriations for FY 2002 are $439,079,700. This amount is $39,970,342 more than FY 2001 actual expenditures, a 10.0 percent increase. Appropriations for FY 2003 are $513,801,000. This amount is $74,721,300 greater than FY 2002 appropriations, a 17.0 percent increase. Beginning with the FY 2002-2003 biennium, the Sinking Fund's GRF appropriations were discontinued and all the moneys were transferred to various agencies' budgets based on the purposes of the debt. All of the Sinking Fund's appropriations in FY 2002 are used to pay debt service on certain general obligation bonds that are authorized by the state constitution and the legislature for specific purposes: 071 155-901, Highway Obligations Bond Retirement Fund (11 percent); 072 155-902, Highway Capital Improvements Bond Retirement Fund (32 percent); 073 155-903, Natural Resources Bond Retirement Fund (4 percent); 076 155-906 Coal Research/Development Bond Retirement Fund (2 percent); 077 155-907 State Capital Improvements Bond Retirement Fund (32 percent); 078 155-908, Common Schools Bond Retirement Fund (8 percent); 079 155-909, Higher Education Bond Retirement Fund (11 percent); and 074 155-904, Conservation Projects Bond Service Fund (0.4 percent).

FY 2002 Appropriation: Debt Service Payments



FY 2003 Appropriation: Debt Service Payments



Appropriations to the Highway Obligations Bond Retirement Fund declines over the biennium (by 4 percent per year), but appropriations to the Highway Capital Improvements Bond Retirement Fund grow (by 21 percent in FY 2002 and by 10 percent in FY 2003). Nevertheless, as a portion of total debt service payments, shares of both funds decline from FY 2002 to FY 2003.

Appropriations to all other funds increase over the biennium. The fastest growing of the appropriations were the Common Schools Capital Facilities Bond Retirement Fund and the Higher Education Capital Facilities Bond Retirement Fund, which increase by an average rate of 48 percent and 41 percent, respectively, over the biennium. Appropriation to the Conservation Projects Bond Service fund, which was authorized by H.B. 3, increase dramatically between FY 2002 and 2003, but remain only 1.3 percent of the total in FY 2003.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:

Report For: Main Operating Appropriations Bill **Version:** Enacted

CSF Sinking Fund, Commissioners of

Fund	Line Item	Description	FY 1999	FY 2000	FY 2001	FY 2002 Appropriations	% Change 2001 to 2002	FY 2003 Appropriations	% Change 2002 to 2003
GRF	155-900	Debt Service Sinking Fund	$ 15,632,373	$ 31,078,387	$210,699,927	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 15,632,373**	**$ 31,078,387**	**$ 210,699,927**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
076	155-900	Coal Research/Development Bond Retir	$ 5,642,083	$ 5,718,674	$7,266,827	$ 0	-100.00%	$ 0	N/A
059	155-900	Development Bond Retirement Fund	$ 25,397	$ 25,433	$8,765	$ 0	-100.00%	$ 0	N/A
073	155-900	Natural Resources Bond Retirement	$ 10,004,143	$ 12,386,738	$15,696,872	$ 0	-100.00%	$ 0	N/A
072	155-900	Highway Capital Improvement Bond Ret	$ 52,337,372	$ 80,048,411	$113,757,141	$ 0	-100.00%	$ 0	N/A
071	155-900	Highway Obligations Bond Retirement	$ 70,596,301	$ 53,690,869	$51,671,061	$ 0	-100.00%	$ 0	N/A
055	155-900	Public Improvement Bond Retirement	$ 13,446	$ 13,464	$8,765	$ 0	-100.00%	$ 0	N/A
071	155-901	Highway Obligation Bond Retirement F	----	----		$ 49,614,300	N/A	$ 47,572,500	-4.12%
072	155-902	Highway Capital Improvement Bond Ret	----	----		$ 137,730,500	N/A	$ 152,120,700	10.45%
073	155-903	Natural Resources Bond Retirement Fu	----	----		$ 19,001,100	N/A	$ 22,101,900	16.32%
074	155-904	Conservation Projects Bond Service Fu	----	----		$ 1,595,000	N/A	$ 6,695,000	319.75%
076	155-906	Coal Research/Development Bond Retir	----	----		$ 8,971,700	N/A	$ 9,420,300	5.00%
077	155-907	State Capital Improvement Bond Retire	----	----		$ 135,693,200	N/A	$ 146,210,200	7.75%
078	155-908	Common Schools Bond Retirement Fun	----	----		$ 36,418,800	N/A	$ 55,336,300	51.94%
079	155-909	Higher Education Bond Retirement Fun	----	----		$ 50,055,100	N/A	$ 74,344,100	48.52%
Debt Service Fund Group Total			**$ 138,618,742**	**$ 151,883,589**	**$ 188,409,431**	**$ 439,079,700**	**133.05%**	**$ 513,801,000**	**17.02%**
Sinking Fund, Commissioners of Total			***$ 154,251,115***	***$ 182,961,976***	***$ 399,109,358***	***$ 439,079,700***	***10.01%***	***$ 513,801,000***	***17.02%***

- State and Local Government Commission was eliminated, and funding was ceased.

State and Local Government Commission of Ohio

Carol Robison, Budget Analyst

ROLE

The State and Local Government Commission was established to serve as a forum for the discussion and resolution of problems associated with the relationship among the state, local, and federal governments; to review the conditions and controls involved in the implementation and funding of state and federal grant programs for local governments; to collect and disseminate information concerning local governments; to encourage and coordinate studies on the relationship between levels of government; and to recommend legislation and constitutional amendments. In addition, the State and Local Government Commission completed a study on unfunded mandates.

During its years of existence, the State and Local Government Commission served as ombudsman, working with local governments on a case-by-case basis to solve problems. It also focused analytical attention on unfunded state mandates through a task force, which identified eight comprehensive mandates and made recommendations relevant to mandate relief measures.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
0	$0	$0	$0	$0	Am. Sub. H. B. 94

OVERVIEW

The State and Local Government Commission was eliminated by Am. Sub. H.B. 94 pursuant to the repeal of sections 105.45 and 105.46 of the Revised Code. As a result, no appropriations were made for the State and Local Government Commission for the FY 2002-2003 biennium. One of the responsibilities of the commission, administering reimbursements to local governments for certain unfunded mandates, may fall to other agencies to make requests before the Controlling Board.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**		*Version:* **Enacted**					
SLG State and Local Government Commission of Ohio							
GRF 046-321 Operating Expenses	$ 205,936	$ 219,760	$194,438	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total	**$ 205,936**	**$ 219,760**	**$ 194,438**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
State and Local Government Commission of Ohio Total	***$ 205,936***	***$ 219,760***	***$ 194,438***	***$ 0***	***-100.00%***	***$ 0***	***N/A***

- Modernization includes the purchase of a new case tracking system.
- This budget provides an 11.17% increase in GRF funding for FY 2002.

Board of Tax Appeals

Nickie Ringer, Economist

ROLE

The Board of Tax Appeals (BTA) is an independent, quasi-judicial, single purpose body, as re-established in 1976 by Am. Sub. H.B. 920. The board is comprised of three members appointed by the Governor for six-year terms. The board's purpose is to provide a forum outside the overburdened court system to resolve controversies between taxpayers and the taxing authorities, and to satisfy constitutional requirements of due process. The board is authorized to hear and determine all questions of law and fact arising under the tax laws of the state of Ohio or under the rules and decisions of the Tax Commissioner. Appeals can arise from any decision, order, determination, or any action of any tax administrative agency. In addition, appeals from County Boards of Revision regarding real estate valuations, and appeals from County Budget Commissioners on the allocation of tax receipts to political subdivisions, can be taken either to the county court of common pleas or to the Board of Tax Appeals. Decisions of the Board of Tax Appeals may themselves be appealed to either the appropriate Ohio Court of Appeals or directly to the Ohio Supreme Court.

BTA decisions have a direct impact on school districts and local governments. The board's decisions on property valuations impact the revenues collected from property taxes. The distribution of Local Government Funds (LGFs) can also be impacted by BTA decisions due to the fact that the municipal property values are a factor in the distribution formula. This is most pronounced in large tangible personal property disputes.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
34	$2.5 million	$2.5 million	$2.5 million	$2.5 million	Am. Sub. H.B. 94

OVERVIEW

The budget provides GRF funding of $2,462,245 in FY 2002 (an increase of 11.17 percent over the FY 2001 expenditures) and $2,531,188 in FY 2003 (an increase of 2.8 percent over the previous year's appropriations).

The BTA has only one item not funded through the GRF: the Reproduction of Decisions line. This fund will remain open in state accounting, but the BTA has ceased using the fund. The board used to charge a fee to those who request copies of decisions. These moneys were used to offset reproduction costs and to purchase small equipment items needed to reproduce printed materials. The board now posts all decisions on their web site, making requests for decisions rare. The BTA currently charges a fee to reproduce decisions that are over 1000 pages. The revenue collected from these rare occurrences is deposited into the General Revenue Fund.

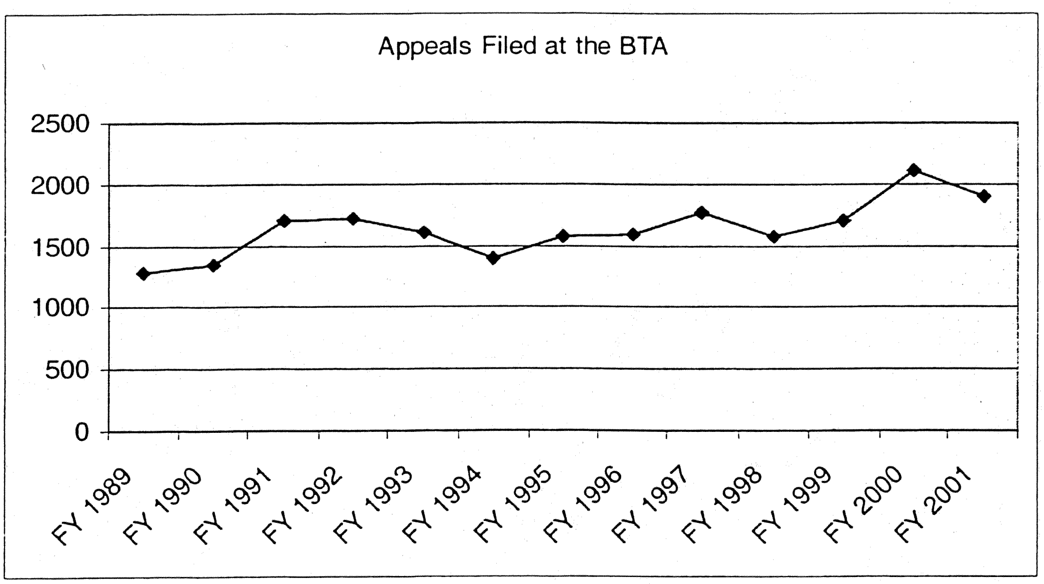
BUDGET ISSUES

TRACKING SYSTEM / HEARING SCHEDULE

The budget provided for an increase in GRF funding to fund the purchase of a new tracking system / hearing schedule. This system will replace the 12-year old case tracking system and allow computerization of the hearing schedule. Large hand written block-style calendar sheets were being used to schedule hearings.

INCREASED CASE LOAD

As the table below demonstrates, the number of appeals filed at the Board of Tax appeals has been steadily increasing. The trend in the number of cases is due to the fact that property in Ohio is reappraised every six years and updated every 3 years, and the majority of the BTA's cases are property assessment appeals. The FY 2002-2003 biennium is expected to bring another increase in caseload largely due to sexennial reappraisals in the large counties. Hamilton and Franklin county appeals should arrive at the BTA beginning in early FY 2002. Cuyahoga, Lucas, Stark, and Lake county appeals should arrive in FY 2003. The appropriation levels for the BTA will not allow them to hire additional attorney examiners to handle the increase in caseload. Thus, some case backlog is expected over the biennium.



Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

BTA Tax Appeals, Board of

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	116-100	Personal Services	$ 1,997,978	$ 2,149,952	$2,063,411	$ 0	-100.00%	$ 0	N/A
GRF	116-200	Maintenance	$ 102,609	$ 106,093	$121,796	$ 0	-100.00%	$ 0	N/A
GRF	116-300	Equipment	$ 123,868	$ 5,685	$29,569	$ 0	-100.00%	$ 0	N/A
GRF	116-321	Operating Expenses	----	----		$ 2,462,245	N/A	$ 2,531,188	2.80%
General Revenue Fund Total			**$ 2,224,455**	**$ 2,261,730**	**$ 2,214,776**	**$ 2,462,245**	**11.17%**	**$ 2,531,188**	**2.80%**
439	116-602	Reproduction of Decisions	$ 1,120	$ 845	$1,872	$ 7,500	300.57%	$ 7,500	0.00%
General Services Fund Group Total			**$ 1,120**	**$ 845**	**$ 1,872**	**$ 7,500**	**300.57%**	**$ 7,500**	**0.00%**
Tax Appeals, Board of Total			***$ 2,225,575***	***$ 2,262,575***	***$ 2,216,649***	***$ 2,469,745***	***11.42%***	***$ 2,538,688***	***2.79%***

- During the upcoming biennium the Department of Taxation will be acquiring additional collection responsibilities that were previously held by the Treasurer of State.

Department of Taxation

Nickie Ringer, Economist

ROLE

The Ohio Department of Taxation is responsible for the administration and enforcement of state and locally levied taxes. The Tax Commissioner administers all state taxes except for the insurance taxes and the motor vehicle license tax. In addition, the Tax Commissioner is responsible for the collection of the personal income tax and the horse racing tax. During this biennium the department will become responsible for the collection of sales, corporate, estate and excise tax returns and payments.

The Department of Taxation is also responsible for determining the amount of various revenue distributions to local governments, including motor fuel tax distributions, reimbursement of local governments for property tax relief, permissive sales and use tax distributions, and allocations to counties from the Library and Local Government Support Fund (LLGSF), Local Government Fund (LGF), and Local Government Revenue Assistance Fund (LGRAF). Although it is classified as a "single program" agency, the department has many divisions because of the complex nature of the various taxes that it administers.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
1,440	$1.4 Billion	$1.4 Billion	$497 Million	$519 Million	Am. Sub. H.B. 94

OVERVIEW

The total budget for the Department of Taxation is $1.393 billion in FY 2002 (a decrease of 27.24 percent from FY 2001 spending) and $1.425 billion in FY 2003 (a 2.25 percent increase from FY 2002 appropriations). The majority of the decrease in funding is in line item 110-635, Tax Refunds (State Special Revenue Fund 425). The 2002 appropriation for this line item was decreased by more than $557 million from the 2001 spending level; the 2003 appropriation is $542 million less than the 2001 spending level.

The department's GRF operating funding is $86,296,910 in FY 2002 and $88,311,656 in FY 2003. The operating expense funding includes the operating expenses line item and the Child Support Administration line item. In previous budgets the Energy Credits Administration line item also was included, however, that program was transferred to the Department of Development July 1, 2000.

This biennium, the department has increased its efforts to examine the costs associated with administering certain taxes and to use the funds available to it from these taxes to cover the costs, rather than using GRF funding. As a result, the State Special Revenue funding appropriations increased 108.13 percent in FY 2002 over 2001 spending levels. A majority of this increase is caused by the large increase in appropriations for line item 110-607, Local Tax Administration (State Special Revenue Fund 435), to fund the e-business project (see below).

BUDGET ISSUES

TRANSFER FROM THE TREASURER OF STATE

Am. Sub. H.B. 94 transfers from the Treasurer of State to the Tax Commissioner the receipt and processing of sales, corporate franchise, and some excise tax returns and payments. The transfer of the sales and use tax will be effective January 1, 2002. The transfer of the corporate franchise tax will be effective July 1, 2002. The transfer of cigarette and tobacco product taxes, the public utility excise tax, the natural gas excise tax, motor fuel taxes, alcoholic beverages taxes, severance taxes, and municipal taxes on electric light companies will be effective July 1, 2003. This transfer of the receipt and processing of certain taxes, which will be accompanied with the transfer of positions or personnel and equipment to the Tax Commissioner, may affect actual operating expenses during the biennium. Any subsequent transfer of appropriations to be made because of transferring employees and equipment is not reflected in the current appropriations for operating expenses.

E-BUSINESS PROJECT

The e-business project is designed to be a significant move toward e-government. The department plans to develop a statewide Extranet tying the county auditors to the Department of Taxation's systems to allow for the exchange of information. It will also allow taxpayers to update and retrieve information on-line by tying multiple systems together, and will automate many procedures to provide more cost-efficient customer service. By using technology, the department will integrate e-mail, call-centers and interactive voice response systems. The project also will provide Internet payment options to pay personal income taxes and file business taxes. 'No tax due' sales tax returns will be able to be filed on-line, and eventually there will be web applications for vendors' licenses.

The majority of this $20 million project is to be funded through the department's State Special Revenue Fund 435: ALI 110-607, Local Tax Administration. In Am. Sub. H.B. 94, this line item was appropriated $29.5 million in FY 2002 and $24.2 million in FY 2003, an increase of 167.5 percent and 119.26 percent respectively, over the FY 2001 appropriation of $11 million.

TAX AUDITOR POSITION

Am. Sub. H.B. 94 creates the positions of "tax auditor agent" and "tax auditor agent manager" and establishes education and experience qualifications for the positions. By putting the positions in statute, the Department of Taxation is allowed to include a degree requirement in job specifications. A tax auditor agent must meet one of the following criteria:

- Hold a bachelor's degree or higher in accounting, business, business administration, public administration, or management, a doctoral degree in law, a bachelor of laws degree, or a master of laws degree in taxation.

- Possess a current certified public accountant, certified managerial accountant, or certified internal auditor certificate.

- Possess a professional tax designation issued by the Institute for Professions In Taxation or International Association of Assessing Officers.

- Hold a designation as an Enrolled Agent of the Internal Revenue Service.

- Have accounting, auditing, or taxation experience that is acceptable to the Department of Taxation.

- Possess experience as a Tax Commissioner Agent, Tax Auditor Agent, or as a supervisor of tax agents that is acceptable to the Department of Taxation.

INCREASED RECEIPTS FOR THE RECYCLING AND LITTER PREVENTION FUND

The budget act makes changes to the distribution of the Recycling and Litter Prevention Fund. The Department of Taxation will now retain revenue in the amount that covers the cost of administering the "litter stream" tax and surcharge. The remaining revenue will be credited to the Recycling and Litter Prevention Fund. Previously, $5 million was credited to the Recycling and Litter Prevention Fund every six months while the remaining amount was retained by the department. It is believed that this change will increase the Recycling and Litter Prevention Fund moneys.

MUNICIPAL INTERNET SITE FUND

Am. Sub. H.B. 94 creates State Special Revenue Fund 5N7, the Municipal Internet Site Fund. Under Sub. H.B. 477 of the 123rd General Assembly, the Department of Taxation is required to maintain a central Internet site that contains links to the sites of all municipal corporations levying an income tax. Moneys in this fund will be used to cover the administrative costs of the Municipal Internet Site. As of August, no decision has been made regarding municipal fees or alternative sources of revenue for this fund.

ADMINISTRATION OF THE TAX AMNESTY PROGRAM

During this biennium, the Department of Taxation will administer the tax amnesty program. (See the Tax Policy and Revenue section of the Final Analysis for details.) Five hundred thousand dollars in additional funds for the administration of this program were approved through a Controlling Board request. This will increase the total appropriation authority for line item 110-321 by $500,000 in FY 2002; however, this amount is *not* included in the spreadsheet or the Agency in Brief section of the Final Analysis.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

TAX Taxation, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	110-100	Personal Services	$ 73,141,554	$ 1,257,929		$ 0	N/A	$ 0	N/A
GRF	110-200	Maintenance	$ 12,307,214	$ 413,639		$ 0	N/A	$ 0	N/A
GRF	110-300	Equipment	$ 5,485,410	$ 0		$ 0	N/A	$ 0	N/A
GRF	110-321	Operating Expenses	----	$ 86,318,508	$88,385,981	$ 86,296,910	-2.36%	$ 88,223,011	2.23%
GRF	110-410	Energy Credit Administration	$ 653,829	$ 394,736	$27,946	$ 0	-100.00%	$ 0	N/A
GRF	110-412	Child Support Administration	$ 58,872	$ 55,944	$15,391	$ 91,545	494.79%	$ 88,656	-3.16%
GRF	110-506	Utility Bill Credits	$ 5,755,878	$ 4,748,240	$603,052	$ 0	-100.00%	$ 0	N/A
GRF	110-901	Property Tax Allocation - TAX	$ 318,216,099	$ 341,284,980	$363,912,241	$ 380,200,000	4.48%	$ 399,300,000	5.02%
GRF	110-906	Tangible Tax Exemption - TAX	$ 26,650,697	$ 26,746,255	$27,136,148	$ 30,000,000	10.55%	$ 30,900,000	3.00%
General Revenue Fund Total			**$ 442,269,553**	**$ 461,220,231**	**$ 480,080,758**	**$ 496,588,455**	**3.44%**	**$ 518,511,667**	**4.41%**
433	110-602	Tape File Account	$ 60,356	$ 33,182	$120,772	$ 92,082	-23.76%	$ 96,165	4.43%
General Services Fund Group Total			**$ 60,356**	**$ 33,182**	**$ 120,772**	**$ 92,082**	**-23.76%**	**$ 96,165**	**4.43%**
3J6	110-601	Motor Fuel Compliance	$ 20,511	$ 73,718	$25,191	$ 33,000	31.00%	$ 33,000	0.00%
3J7	110-603	International Fuel Tax Agreement	$ 56,290	$ 39,708	$79,470	$ 0	-100.00%	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 76,801**	**$ 113,426**	**$ 104,661**	**$ 33,000**	**-68.47%**	**$ 33,000**	**0.00%**
437	110-606	Litter Tax and Nat. Resource Tax Admi	$ 1,192,037	$ 1,371,453	$1,366,546	$ 594,726	-56.48%	$ 625,232	5.13%
435	110-607	Local Tax Administration	$ 9,524,096	$ 11,359,719	$11,032,157	$ 29,517,404	167.56%	$ 24,189,026	-18.05%
436	110-608	Motor Vehicle Audit	$ 1,219,105	$ 1,524,483	$1,207,651	$ 1,687,249	39.71%	$ 1,600,000	-5.17%
438	110-609	School District Income Tax	$ 2,453,037	$ 2,680,772	$2,444,737	$ 2,873,446	17.54%	$ 2,599,999	-9.52%
4R6	110-610	Tire Tax Administration	$ 780	$ 7,913	$37,846	$ 65,000	71.75%	$ 65,000	0.00%
642	110-613	Ohio Political Party Distribution	$ 612,974	$ 520,793	$488,760	$ 800,000	63.68%	$ 800,000	0.00%
639	110-614	Cigarette Tax Enforcement	$ 191,374	$ 138,076	$143,660	$ 161,168	12.19%	$ 168,925	4.81%
688	110-615	Local Excise Tax Administration	$ 207,290	$ 316,243	$356,752	$ 300,000	-15.91%	$ 300,000	0.00%
4C6	110-616	International Registration Plan	$ 435,081	$ 564,290	$585,261	$ 669,561	14.40%	$ 706,855	5.57%
5N6	110-618	Kilowatt Hour Tax Administration	----	----		$ 85,000	N/A	$ 85,000	0.00%
5N7	110-619	Municipal Internet Site	----	----		$ 10,000	N/A	$ 10,000	0.00%
State Special Revenue Fund Group Total			**$ 15,835,774**	**$ 18,483,742**	**$ 17,663,370**	**$ 36,763,554**	**108.13%**	**$ 31,150,037**	**-15.27%**
425	110-635	Tax Refunds	$ 1,308,260,804	$ 1,190,632,476	$1,417,186,988	$ 860,000,000	-39.32%	$ 875,000,000	1.74%

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
TAX Taxation, Department of							
Agency Fund Group Total	**$ 1,308,260,804**	**$ 1,190,632,476**	**$ 1,417,186,988**	**$ 860,000,000**	**-39.32%**	**$ 875,000,000**	**1.74%**
R10 110-611 Tax Distributions	$ 51,554	$ 1,016		$ 2,000	N/A	$ 2,000	0.00%
R11 110-612 Misc Income Tax Receipts	$ 4,781	$ 3,066	$3,382	$ 5,000	47.86%	$ 5,000	0.00%
Holding Account Redistribution Fund Group Total	**$ 56,335**	**$ 4,082**	**$ 3,382**	**$ 7,000**	**107.00%**	**$ 7,000**	**0.00%**
Taxation, Department of Total	***$ 1,766,559,623***	***$ 1,670,487,139***	***$ 1,915,159,930***	***$ 1,393,484,091***	***-27.24%***	***$ 1,424,797,869***	***2.25%***

- $3.37 billion appropriated over the biennium for Highway Construction Program
- $257.5 million in new general obligation bonds authorized

Department of Transportation

Ross Miller, Economist

ROLE

The Ohio Department of Transportation (ODOT) is the agency charged with planning, building, and maintaining the state's transportation system. Most of the agency's resources are devoted to the state's system of highways, but it also has responsibilities in the areas of rail, aviation, public transportation, and water transportation. ODOT administers federal funds as well as state funds in fulfilling these responsibilities, and it administers federal funds used by local jurisdictions in constructing and maintaining their local roads and bridges. The budget of the Ohio Rail Development Commission (ORDC) is included in the ODOT budget for fund appropriation purposes. ORDC was formerly a division of ODOT, but was split off into an independent agency by Sub. H.B. 250 of the 120th General Assembly.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
5,887	$2,542.4 million	$2,105.4 million	$38.6 million	$36.4 million	Sub. H.B. 73 Am. Sub. H.B. 94

OVERVIEW

As of December 30, 2000 ODOT employed 962 employees at its headquarters in Columbus, but most of its 5,887 personnel are employed outside of Franklin County. ODOT facilities are located throughout the state, and the agency is organized into 12 districts for purposes of conducting maintenance of the state highways. The department's personnel count has been reduced significantly over the last several years due to departmental restructuring—the personnel count was 7,788 in December of 1993.

The department's budget is split between two budget bills: Sub. H.B. 73 and Am. Sub. H.B. 94. Sub. H.B. 73 is the transportation budget bill, containing the appropriations funded by the motor vehicle fuel tax (39 percent of the agency's budget) and by issuing bonds (about 21 percent of the budget), and most of the appropriations funded with federal money (38 percent of all appropriations). Less than 2.0 percent of the department's budget is funded by the GRF, and those appropriations are contained in Am. Sub. H.B. 94. One of the reasons for the separate transportation budget bill is so that it may be passed prior to March 31 of the year, ensuring that contracts can be executed in time to allow the department's highway construction program to continue without a major interruption.

The department's appropriations for FY 2002 are increased by 20.3 percent over FY 2001 spending, but the appropriations for FY 2003 are 17.2 percent lower than those for FY 2002. Although several budget lines received slightly smaller appropriations for FY 2003, the bulk of the FY 2003 reduction occurs in the two line items, 772-723 and 772-428, funded by issuance of new bonds. The department plans to control the growth in debt service on highway bonds by restricting the amount of new bond issuance in FY 2003. The sharp increase in funding in FY 2002 is largely to increase the resources available for highway construction projects. If it were not for substantial reductions in the department's FY 2001 expenditures made near the end of the fiscal year, the appropriations that fund the department's operating budget would have increased by less than 2.0 percent in each fiscal year of the biennium.

There were no substantial program changes for the agency. The largest single program area, as measured by level of funding, remains Highway Construction, which conducts the design, right-of-way purchasing, and building and rehabilitation of the highway system. The program received $3.37 billion in funding over the biennium, or slightly over 72 percent of the agency's total budget. ODOT projects that over $875 million in federal funding will be received for this program each fiscal year. The second largest program by funding level, and the largest by number of personnel employed, is Highway Maintenance, which received $753.8 million in funding over the biennium. Taken together, these two program areas accounted for nearly 89 percent of the department's appropriations. The funding for both program areas is contained in Sub. H.B. 73.

The table below presents the department's expenditures for FY 2001 and appropriations for FYs 2002 and 2003, by program area (excluding debt service). Those programs that were funded entirely in Sub. H.B. 73, Highway Construction, Highway Maintenance, Planning and Research, and Administration, were funded at the level requested by the Governor. The funding for appropriations in Am. Sub. H.B. 94, on the other hand, generally experienced cuts as the bill progressed through the General Assembly. The program area that experienced the most significant cuts was Public Transportation, which was cut by over $7 million in each fiscal year. Both the Rail and the Aviation Program were cut by less than $1 million in each fiscal year.

ODOT Expenditures and Appropriations by Program Area

Program Area	FY 2001 expenditures	FY 2002 appropriations	FY 2003 appropriations
Highway construction	$1,456.7 million	$1,905.7 million	$1,461.6 million
Highway maintenance	$338.7 million	$372.6 million	$381.2 million
Public transportation	$81.8 million	$61.5 million	$59.7 million
Aviation	$10.1 million	$8.5 million	$8.1 million
Rail	$18.7 million	$23.1 million	$24.0 million
Intermodal Program	$0	$50 thousand	$50 thousand
Planning & research	$28.2 million	$45.9 million	$45.9 million
Administration	$93.4 million	$109.0 million	$110.4 million

BUDGET ISSUES

CHANGE TO THE DISTRIBUTION OF THE MOTOR VEHICLE FUEL TAX

The Governor's proposed budget recommended that the share of the motor vehicle fuel tax that goes to the Department of Natural Resources (DNR) be increased from 0.75 percent to 1.0 percent of the total revenue derived from the tax, and that recommendation was implemented by the General Assembly in Sub. H.B. 73. As background for the change, a study produced by the Legislative Service Commission in April of 1998 concluded that people buying fuel for boats probably contribute at least 1.0 percent of the yield from the tax. The increased funds for DNR are earmarked for boating programs, so that the change can be viewed as resulting in a more equitable distribution of the tax revenues.

This change will increase the tax revenue allocated to DNR by approximately $1.7 million. Without the change, the revenue would have gone to ODOT and to local governments to fund highway projects.

RAILROAD CROSSING SAFETY

Sub. H.B. 73 created a new line item in the department's budget and appropriated $1.2 million over the biennium to it. The new line item accesses Fund 4A3, which receives $100,000 per month from the motor vehicle fuel tax and which was historically accessed by the Public Utilities Commission of Ohio exclusively. The new line item will be used to pay for the installation of rumble strips at railroad crossings that lack warning gates.

DESIGN/BUILD CONSTRUCTION AUTHORITY

Sub. H.B. 73 extended a pilot program under which the department could combine the design and construction elements of a highway or bridge project into a single combined contract. The program was extended until June 30, 2003, and the total dollar value of all such combined contracts could not exceed $250 million for the biennium. The Director of Transportation is required to submit a report to the General Assembly by December 31, 2002 evaluating the experience of the department with projects involving such combined contracts.

The department issued a report on its initial experience with such design/build contracts in December of 2000. In that report the department indicated that the cost savings resulting from design/build contracts varied widely. The cost savings on one project were estimated to be 6.0 percent, while the savings on another project were estimated to be 30 percent, indicating the individuality of each highway or bridge construction project.

BOND ISSUANCE

Sub. H.B. 73 authorized the issuance of $257.5 million in bonds for highway purposes over the biennium. The bill also reduced the authorization granted by prior acts of the General Assembly to issue and sell obligations from $1,854,695,000 to $1,745,000,000. The increase in authorized bond issuance will increase the debt service required from the motor vehicle fuel tax.

MOTOR FUEL TAX TASK FORCE

Am. Sub. H.B. 94 created the Motor Fuel Tax Task Force to study the adequacy and distribution of the motor fuel tax. The task force must report on its findings to the General Assembly and to the Governor on December 2, 2002, and ceases to exist upon issuing such report.

Background

The establishment of the task force takes place against the background of a steady decline in the revenues going to ODOT from this tax. The overall revenue derived from the tax increased steadily for years, until a significant fall in the 2001 fiscal year. However there are a number of other claimants on these revenues, and the amounts going for debt service on bonds and to the Department of Public Safety have been growing rapidly. The net result of the modest growth in overall revenues, with rapid growth in the share going to other state purposes, is a reduction in the amount available for road and bridge construction. ODOT received $697.6 million from the tax in FY 2000, and $647.1 million in FY 2001. LSC projects this figure to fall to under $625 million in FYs 2002 and 2003.

Line Item Detail by Agency

Report For: Transportation Budget   Version: Enacted

DOT Transportation, Department of

Fund	ALI	Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
3B9	770-615	Federal Rail	$ 36,408	$ 0		$ 0	N/A	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 36,408**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
045	772-428	Highway Infrastructure Bank-Bonds	$ 37,558,099	$ 24,013,147	$23,206,420	$ 300,000,000	1,192.75%	$ 30,000,000	-90.00%
042	772-723	Highway Construction-Bonds	$ 221,100,726	$ 278,107,512	$190,065,879	$ 225,000,000	18.38%	$ 102,500,000	-54.44%
4Y2	774-446	Congestion Mitigation Revolving Fund	----	$ 0		$ 50,000	N/A	$ 50,000	0.00%
4N4	776-661	Rail Transportation-State	$ 5,081,403	$ 4,992,803	$2,790,920	$ 0	-100.00%	$ 0	N/A
4A3	776-665	Railroad Crossing Safety Devices	----	----		$ 1,200,000	N/A	$ 0	-100.00%
State Special Revenue Fund Group Total			**$ 263,740,228**	**$ 307,113,462**	**$ 216,063,219**	**$ 526,250,000**	**143.56%**	**$ 132,550,000**	**-74.81%**
002	770-003	Administration-State-Debt Service	$ 15,821,209	$ 15,550,137	$14,928,858	$ 14,799,000	-0.87%	$ 14,403,400	-2.67%
212	770-005	Infrastructure Debt Service-Federal	$ 10,251,305	$ 9,904,447	$11,276,966	$ 28,870,000	156.01%	$ 45,650,000	58.12%
002	770-089	Lands and Buildings	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-410	Research, U.S.G.S.-State	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-411	Research, U.S.G.S.-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-414	Rural Transit Assistance-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-415	Public Transportation Block Grants	$ 0	----		----	N/A	----	N/A
002	770-416	M.P.O. Tech. Studies-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
4T5	770-609	Administration Memorial Fund	$ 3,247	$ 1,280		$ 5,000	N/A	$ 5,000	0.00%
002	770-706	Resurface/Rehab.-State	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-707	Resurface/Rehab.-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-716	Bridge Inspect./Rehab.-State	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-717	Bridge Inspect./Rehab.-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-718	Safety Upgrading-State	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-719	Safety Upgrading-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-726	Grade Crossing-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-727	Major Reconstruction-State	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-728	Major Reconstruction-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-729	New Construction-State	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-730	New Construction-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-732	Access Roads-State Facilities	$ 0	$ 0		$ 0	N/A	$ 0	N/A

DOT Transportation, Department of

Fund	Line Item	Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
002	770-733	Local Govt. Projects-State	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-734	Local Govt. Projects-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-740	Roadside Rest Areas-State	$ 0	----		----	N/A	----	N/A
002	770-741	Roadside Rest Areas-Federal	$ 0	----		----	N/A	----	N/A
002	770-751	Grade Crossing Prot.-Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-772	Bridge Painting/Repair	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-774	Spot Patch, Seals, & Other	$ 0	----		----	N/A	----	N/A
002	770-775	Guard Rail Renovation	$ 0	----		----	N/A	----	N/A
002	770-776	Pavement Marking	$ 0	----		----	N/A	----	N/A
002	770-777	Signing, Sign Structures, Etc.	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	770-778	Snow and Ice Control	$ 0	----		----	N/A	----	N/A
002	770-779	Seeding, Mowing, Etc.	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	771-411	Planning and Research-State	$ 7,329,586	$ 8,407,966	$8,445,732	$ 13,724,000	62.50%	$ 13,408,210	-2.30%
002	771-412	Planning and Research-Federal	$ 11,425,129	$ 13,963,542	$19,713,696	$ 32,190,000	63.29%	$ 32,460,000	0.84%
002	772-421	Highway Construction-State	$ 384,549,671	$ 485,746,742	$426,843,540	$ 440,536,920	3.21%	$ 372,980,940	-15.33%
002	772-422	Highway Construction-Federal	$ 520,623,539	$ 575,588,590	$745,503,568	$ 834,567,650	11.95%	$ 834,230,370	-0.04%
212	772-423	Infrastructure Lease Payments-Federal	$ 12,896,875	$ 11,521,728	$11,960,499	$ 12,534,300	4.80%	$ 12,537,800	0.03%
002	772-424	Highway Construction-Other	$ 42,973,690	$ 36,433,554	$35,885,879	$ 50,000,000	39.33%	$ 50,000,000	0.00%
212	772-426	Highway Infrastructure Bank-Federal	$ 186,952	$ 4,705,545	$5,508,501	$ 2,500,000	-54.62%	$ 2,500,000	0.00%
212	772-427	Highway Infrastructure Bank-State	$ 17,739,930	$ 17,284,831	$6,485,252	$ 11,700,000	80.41%	$ 11,200,000	-4.27%
002	773-203	Maintenance-Highways	$ 0	----		----	N/A	----	N/A
002	773-431	Highway Maintenance-State	$ 329,920,315	$ 347,855,256	$338,726,408	$ 372,636,000	10.01%	$ 381,176,000	2.29%
002	774-441	Highway Amenities-State	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	774-442	Highway Amenities-Federal	$ 11,335	$ 0		$ 0	N/A	$ 0	N/A
002	774-444	Highway Amenities-Other	$ 0	$ 0		$ 0	N/A	$ 0	N/A
212	775-406	Transit Infrastructure Bank-Federal	$ 45,000	$ 373,227	$5,137,773	$ 0	-100.00%	$ 0	N/A
002	775-452	Public Transportation-Federal	$ 28,191,999	$ 33,079,677	$27,980,488	$ 27,000,000	-3.50%	$ 27,000,000	0.00%
002	775-454	Public Transportation-Other	$ 477,041	$ 708,179	$741,310	$ 1,500,000	102.34%	$ 1,500,000	0.00%
002	775-455	Public Transportation Admin	$ 0	$ 0		$ 0	N/A	$ 0	N/A
002	775-459	Elderly and Disabled Special Equipment	$ 1,699,599	$ 2,681,071	$3,018,300	$ 4,230,000	40.15%	$ 4,230,000	0.00%
002	776-462	Grade Crossings-Federal	$ 8,807,125	$ 15,184,960	$9,402,856	$ 15,000,000	59.53%	$ 15,000,000	0.00%

Line Item Detail by Agency

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DOT	***Transportation, Department of***								
002	777-472	Airport Improvements-Federal	$ 252,077	$ 147,757	$94,735	$ 405,000	327.51%	$ 405,000	0.00%
002	777-475	Aviation Administration	$ 3,252,841	$ 3,537,560	$2,670,232	$ 4,092,010	53.25%	$ 4,158,690	1.63%
213	777-477	Aviation Infrastructure Bank-State	$ 0	$ 2,800,079	$356,653	$ 0	-100.00%	$ 0	N/A
002	778-481	Port Assistance-State	$ 0	----		----	N/A	----	N/A
002	779-491	Administration-State	$ 89,958,564	$ 95,108,589	$93,354,556	$ 109,042,000	16.80%	$ 110,431,850	1.27%
Highway Operating Fund Group Total			**$ 1,486,417,029**	**$ 1,680,584,717**	**$ 1,768,035,801**	**$ 1,975,331,880**	**11.72%**	**$ 1,933,277,260**	**-2.13%**
041	770-706	Resurfacing, Rehabilitation and Restora	$ 0	$ 0		$ 0	N/A	$ 0	N/A
041	770-716	Bridge Inspection, Rehabilitation, and R	$ 0	$ 0		$ 0	N/A	$ 0	N/A
041	770-718	Safety Upgrading-State and Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
041	770-727	Major Reconstruction-State and Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
041	770-729	New Construction-State and Federal	$ 0	$ 0		$ 0	N/A	$ 0	N/A
041	772-723	Highway Construction-Bonds	$ 2,363,984	$ 0		$ 0	N/A	$ 0	N/A
Highway Obligation Construction Fund Group Total			**$ 2,363,984**	**$ 0**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
Transportation, Department of Total			***$ 1,752,557,649***	***$ 1,987,698,179***	***$ 1,984,099,020***	***$ 2,501,581,880***	***26.08%***	***$ 2,065,827,260***	***-17.42%***

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

DOT Transportation, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	770-403	Rail Transportation	$ 0	----		----	N/A	----	N/A
GRF	770-501	Public Transportation Grants	$ 486,626	$ 45,868	$64,345	$ 0	-100.00%	$ 0	N/A
GRF	770-557	County Airport Improvements	$ 107,689	$ 0		$ 0	N/A	$ 0	N/A
GRF	770-900	Support of ODOT Modes Operations	$ 0	----		----	N/A	----	N/A
GRF	774-445	Youngstown Intermodal Project	$ 0	----	$91,300	----	N/A	----	N/A
GRF	774-447	Intermodal Capital Grants	$ 1,740,416	$ 670,084		$ 0	N/A	$ 0	N/A
GRF	775-451	Public Transportation-State	$ 21,141,793	$ 26,358,878	$21,178,984	$ 23,640,000	11.62%	$ 23,640,000	0.00%
GRF	775-453	Waterfront Line Lease Payments-State	$ 1,772,000	$ 1,771,140	$1,775,847	$ 1,786,000	0.57%	$ 0	-100.00%
GRF	775-456	Public Transportation/Discretionary Cap	$ 3,355,841	$ 742,970	$4,527,035	$ 0	-100.00%	$ 0	N/A
GRF	775-458	Elderly & Disabled Fare Assistance	$ 3,239,369	$ 3,284,284	$3,349,962	$ 3,313,540	-1.09%	$ 3,313,540	0.00%
GRF	776-465	Ohio Rail Development Commission	$ 414,450	$ 3,939,042	$3,647,721	$ 4,925,000	35.02%	$ 4,925,000	0.00%
GRF	776-466	Railroad Crossing/Grade Separation	----	----		$ 985,000	N/A	$ 985,000	0.00%
GRF	777-471	Airport Improvements-State	$ 2,571,895	$ 3,730,187	$4,623,580	$ 3,358,728	-27.36%	$ 2,955,567	-12.00%
GRF	777-473	Rickenbacker Lease Payments-State	$ 78,511	$ 581,373	$540,230	$ 600,000	11.06%	$ 600,000	0.00%
GRF	778-488	Port Assistance Grants-State	$ 113,036	$ 0		$ 0	N/A	----	N/A
General Revenue Fund Total			**$ 35,021,626**	**$ 41,123,826**	**$ 39,799,003**	**$ 38,608,268**	**-2.99%**	**$ 36,419,107**	**-5.67%**
3B9	776-662	Rail Transportation-Federal	$ 897,541	$ 125,000		$ 600,000	N/A	$ 600,000	0.00%
Federal Special Revenue Fund Group Total			**$ 897,541**	**$ 125,000**	**----**	**$ 600,000**	**N/A**	**$ 600,000**	**0.00%**
5E7	775-657	Transit Capital Funds	----	$ 523,987	$3,045,541	$ 0	-100.00%	$ 0	N/A
4N4	776-663	Panhandle Lease Reserve Payments	$ 0	$ 0		$ 770,000	N/A	$ 770,000	0.00%
4N4	776-664	Rail Transportation-Other	$ 251,575	$ 0	$28,000	$ 850,720	2,938.29%	$ 1,745,000	105.12%
State Special Revenue Fund Group Total			**$ 251,575**	**$ 523,987**	**$ 3,073,541**	**$ 1,620,720**	**-47.27%**	**$ 2,515,000**	**55.18%**
Transportation, Department of Total			***$ 36,170,742***	***$ 41,772,813***	***$ 42,872,544***	***$ 40,828,988***	***-4.77%***	***$ 39,534,107***	***-3.17%***

- The Treasurer of State protects and invests state funds, and is the custodian of over $145 billion in various funds.
- The Treasurer of State manages several investment programs designed to help farmers and various businesses.

Treasurer of State

Jean J. Botomogno, Economist

ROLE

The Treasurer of State collects, invests, and protects state funds. The Treasurer's Office functions as a custodian of the public's money and manager of the state's investment portfolio. The Treasurer of State is a constitutional officer elected to a four-year term.

The Treasurer of State performs the following tasks:

- Manages the state's investment portfolio by investing available funds in a variety of financial instruments under statutory guidance provided by the legislature. The rate of return on state investments was 5.8 percent in FY 2001.
- Serves as the custodian of moneys in the state treasury and certain moneys held, by law, in the custody of the Treasurer. The Treasurer is the custodian of over $145 billion in state pensions, workers compensation and other custodial funds.
- Ensures that sufficient cash is available to allow the state to make necessary payments.
- Operates the Linked Deposit program that helps farmers and businesses obtain low-cost loans
- Manages the Star Ohio program (state regular account), pooling the investments of schools and political subdivisions to obtain safe returns. Star Ohio has approximately $10 billion in assets.
- Manages the Bid Ohio program (which invests state "interim" funds), working to keep Ohio's investment dollars in Ohio.
- Manages the Securities Lending program, generating income by loaning securities on a short-term basis to selected brokerage firms and financial institutions for a fee.
- Administers a continuing education program for Ohio's public funds managers to ensure that local tax dollars are invested wisely and safely.
- Issues debt for public works, parks and recreation, mental health, mental retardation, highways, and student loan programs.

Agency In Brief

Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
165	$697.8 million	$718.6 million	$37.5 million	$40.6 million	Am.Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 total $697,794,555. FY 2003 appropriations are $718,606,862, a 3.0 percent increase over FY 2002. These amounts include operating expenses, expenses of the Office of the Sinking Fund, subsidies to state pensions systems and appropriations for tax refunds. There are no appropriations for debt service expenses in the Treasurer of State's budget. Appropriations for tax refunds are 94 percent of the total budget for Treasurer of State in the current biennium. There were no expenditures for tax refunds in the previous biennium in the Treasurer of State's budget.

GRF appropriations for FY 2002 are $37,466,934, a 6.7 percent increase from FY 2001. FY 2003 GRF appropriations are $40,637,680, or 8.5 percent increase over FY 2002. The majority of GRF appropriations are for pensions subsidies.

Appropriations for operating expenses for FY 2002 are $10,352,902, a 41.4 percent increase from FY 2001. In the previous biennium, some operating expenses were paid for through other line items or fund groups in the Treasurer of State's budget. The hefty increase for FY 2002 returns operating expenses appropriations to their historical levels. In FY 2003 appropriations for operating expenses are $12,526,363, a 21.0 percent increase over FY 2002. The increase in operating expenses reflects a continued investment in technology and the modernization of the warrant processing system.

Appropriations for pension subsidies total $26,073,000 in FY 2002, a 4.8 percent decrease over FY 2001. In FY 2003, pension subsidies appropriations are $27,000,000, a 3.6 percent increase from FY 2002. Some of the pensions' cost of living subsidies were not funded in this biennium.

Appropriations for tax refunds are $655,000,000 in FY 2002 and $675,000,000 in FY 2003. There were no expenditures in FY 2001 against the agency fund group Fund 425, ALI 090-635. During FY 2001, expenditures for tax refunds were charged directly to a similar fund group in the Department of Taxation. FY 2003 appropriations are an increase of 3.0 percent over FY 2002.

BUDGET ISSUES

Am. Sub. H.B. 94 transfers from the Treasurer of State to the Tax Commissioner the receipt and processing of sales, corporate franchise and some excise tax returns and payments. The transfer of the sales and use tax will be effective January 1, 2002. The transfer of the corporate franchise tax will be effective July 1, 2002. The transfer of cigarette and tobacco products taxes, natural gas excise tax, motor fuel taxes, alcoholic beverages taxes, severance taxes, and municipal taxes on electric light companies will be effective July 1, 2003. This transfer of receipt and processing of certain taxes, which will be accompanied with the transfer of some personnel and equipment to the Tax Commissioner, may affect Treasurer of State's operating expenses during the biennium. Potential changes in appropriations due to the eventual transfer of employees and equipment were not reflected in current appropriations for operating expenses.

Am. Sub. H.B. 94 expanded the Depressed Economic Area Linked Deposit Program to authorize the Treasurer of State, boards of county commissioners or legislative authority of municipal corporation to place linked deposits with lending institutions that enter into specified agreements with eligible governments that are providing loan or loan guarantees to eligible steel companies.

Report For: Main Operating Appropriations Bill   Version: Enacted

TOS Treasurer of State

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	090-321	Operating Expenses	$ 8,255,648	$ 7,207,049	$7,321,402	$ 10,352,902	41.41%	$ 12,526,363	20.99%
GRF	090-401	Office of the Sinking Fund	$ 213,019	$ 279,191	$425,503	$ 587,785	38.14%	$ 605,420	3.00%
GRF	090-402	Continuing Education	$ 383,164	$ 395,260	$443,478	$ 453,248	2.20%	$ 505,896	11.62%
GRF	090-510	PERS Cost of Living	$ 794	$ 136	$451	$ 0	-100.00%	$ 0	N/A
GRF	090-511	STRS Cost of Living	$ 1,740	$ 1,276	$1,178	$ 0	-100.00%	$ 0	N/A
GRF	090-512	SERS Cost of Living	$ 581	$ 542	$510	$ 0	-100.00%	$ 0	N/A
GRF	090-520	PERS Pension Benefits	$ 176,921	$ 77,470	$111,056	$ 0	-100.00%	$ 0	N/A
GRF	090-521	STRS Pension Benefits	$ 357,546	$ 287,424	$229,005	$ 0	-100.00%	$ 0	N/A
GRF	090-522	SERS Pension Benefits	$ 93,501	$ 75,226	$60,152	$ 0	-100.00%	$ 0	N/A
GRF	090-523	Highway Patrol Retirement System	$ 4,156	$ 3,034	$2,236	$ 0	-100.00%	$ 0	N/A
GRF	090-524	Police and Fire Disability Pension Fund	$ 68,820	$ 50,000	$45,000	$ 43,000	-4.44%	$ 40,000	-6.98%
GRF	090-530	PERS Ad Hoc Cost of Living	$ 852,105	$ 616,410	$638,426	$ 0	-100.00%	$ 0	N/A
GRF	090-531	STRS Ad Hoc Cost of Living	$ 1,707,567	$ 1,491,584	$1,283,545	$ 0	-100.00%	$ 0	N/A
GRF	090-532	SERS Ad Hoc Cost of Living	$ 263,152	$ 227,946	$195,557	$ 0	-100.00%	$ 0	N/A
GRF	090-533	Highway Patrol Ad Hoc Cost of Living	$ 24,991	$ 22,498	$20,295	$ 0	-100.00%	$ 0	N/A
GRF	090-534	Police & Fire Ad Hoc Cost of Living	$ 349,258	$ 312,024	$280,826	$ 280,000	-0.29%	$ 260,000	-7.14%
GRF	090-544	Police and Fire State Contribution	$ 1,200,000	$ 1,200,000	$1,200,000	$ 1,200,000	0.00%	$ 1,200,000	0.00%
GRF	090-554	Police and Fire Survivor Benefits	$ 1,865,630	$ 1,719,530	$1,586,540	$ 1,550,000	-2.30%	$ 1,500,000	-3.23%
GRF	090-575	Police and Fire Death Benefits	$ 19,300,000	$ 19,500,000	$21,280,000	$ 23,000,000	8.08%	$ 24,000,000	4.35%
GRF	090-900	Debt Service	$ 108,877,958	$ 115,306,777		$ 0	N/A	$ 0	N/A
General Revenue Fund Total			**$ 143,996,551**	**$ 148,773,377**	**$ 35,125,159**	**$ 37,466,934**	**6.67%**	**$ 40,637,680**	**8.46%**
4E9	090-603	Securities Lending Income	$ 1,913,308	$ 4,622,334	$4,822,596	$ 3,773,177	-21.76%	$ 970,000	-74.29%
577	090-605	Investment Pool Reimbursement	$ 673,768	$ 828,925	$735,887	$ 662,000	-10.04%	$ 600,000	-9.37%
180	090-606	Children's Trust Reimbursement	$ 0	----		----	N/A	----	N/A
182	090-608	Financial Planning Commissions	$ 2,601	$ 5,697	$6,927	$ 12,944	86.85%	$ 13,682	5.70%
605	090-609	Treasurer of State Administrative Fund	$ 230,996	$ 649,443	$920,316	$ 760,000	-17.42%	$ 1,270,000	67.11%
4N0	090-611	Treasury Education	$ 0	$ 1,389	$801	$ 27,500	3,334.02%	$ 27,500	0.00%
General Services Fund Group Total			**$ 2,820,673**	**$ 6,107,788**	**$ 6,486,526**	**$ 5,235,621**	**-19.28%**	**$ 2,881,182**	**-44.97%**
5C5	090-602	County Treasurer Education	$ 100,301	$ 92,358	$119,935	$ 92,000	-23.29%	$ 88,000	-4.35%

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
TOS Treasurer of State							
State Special Revenue Fund Group Total	**$ 100,301**	**$ 92,358**	**$ 119,935**	**$ 92,000**	**-23.29%**	**$ 88,000**	**-4.35%**
077 090-900 State Capital Improvement Bond Servic	$ 109,419,227	$ 115,632,463		$ 0	N/A	$ 0	N/A
Debt Service Fund Group Total	**$ 109,419,227**	**$ 115,632,463**	**----**	**$ 0**	**N/A**	**$ 0**	**N/A**
425 090-635 Tax Refunds	$ 0	----		$ 655,000,000	N/A	$ 675,000,000	3.05%
Agency Fund Group Total	**$ 0**	**----**	**----**	**$ 655,000,000**	**N/A**	**$ 675,000,000**	**3.05%**
Treasurer of State Total	***$ 256,336,752***	***$ 270,605,986***	***$ 41,731,620***	***$ 697,794,555***	***1,572.10%***	***$ 718,606,862***	***2.98%***

- The Authority currently serves over 95,000 contracts
- The Variable Savings Plan is expected to add $1 billion in assets by the end of the new biennium

Ohio Tuition Trust Authority

Sara Doddy, Budget Analyst

ROLE

The Ohio Tuition Trust Authority (OTTA), created in 1989, encourages Ohio families to save in advance for college expenses. The OTTA administers two college savings programs. The first program is the Guaranteed Savings Plan (formerly known as the Prepaid Tuition Program). The Guaranteed Savings Plan allows for the purchase of future tuition at a price based on the current weighted average tuition of Ohio's thirteen public universities. The current price for a tuition unit is $51. Approximately 100 units will pay for one year of tuition at an average-priced Ohio public university. Units may be used at any of Ohio's public and private colleges, universities, technical colleges, and proprietary schools as well as any out-of-state institutions.

The second program is the Variable Savings Plan, established by S.B. 161 of the 123rd General Assembly. People who participate in the Variable Savings Plan are allowed to deduct contributions made toward tuition credits from their Federal Adjusted Gross Income when computing their Ohio Adjusted Gross Income.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
34	$4.5 million	$5.0 million	$0	$0	Am. Sub. H.B. 94

OVERVIEW

Funding for the OTTA comes through the State Special Revenue Fund Group (Fund 645). Revenue is generated from the sale of tuition units, collection of enrollment fees, administrative processing fees, and investment income earnings. The appropriation in FY 2002 is $4,539,200, a 21.9 percent increase over FY 2001 spending. The appropriation in FY 2003 is $4,950,700, a 9.1 percent increase over the FY 2002 funding level. The budget for the OTTA, from the Executive proposal to the final appropriation, increased 2.3 percent in FY 2002 and 7.4 percent in FY 2003. This increase is due mainly to the fact that the OTTA's funding comes through fees and interest earned on their investments.

The large increase in funding from FY 2001 to FY 2002 is a result of the addition of the Variable Savings Plan. The additional money will be used to administer this plan, as well as continue the administration of the Guaranteed Savings Fund. The increase in funding will also fund two additional positions needed to help maintain current customer service levels. One of these positions will be a Customer Care

Representative and the other will be the Southeast Ohio Regional Representative, who will serve as a community liaison for Appalachian Ohio. In addition, there is a new appropriation item (095-602, Variable Savings) that will be used for promotion, marketing, and operation of the new Variable Saving Plan.

Recent federal tax legislation has cleared up the federal tax treatment of college savings plans like the ones operation by the OTTA. The OTTA anticipates that this favorable resolution will increase sales significantly for FY 2002 and beyond.

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill		*Version:* Enacted					
TTA Ohio Tuition Trust Authority							
645 095-601 Operating Expenses	$ 3,241,637	$ 3,533,252	$3,717,565	$ 4,539,200	22.10%	$ 4,950,700	9.07%
5P3 095-602 Variable Savings Plan	----	----	$6,836	----	N/A	----	N/A
State Special Revenue Fund Group Total	**$ 3,241,637**	**$ 3,533,252**	**$ 3,724,401**	**$ 4,539,200**	**21.88%**	**$ 4,950,700**	**9.07%**
Ohio Tuition Trust Authority Total	***$ 3,241,637***	***$ 3,533,252***	***$ 3,724,401***	***$ 4,539,200***	*21.88%*	***$ 4,950,700***	*9.07%*

- FY 2002 appropriations represent a 5.9% increase over actual FY 2001 expenditures
- GRF accounts for 54.8% of the Ohio Veterans' Home total budget

Ohio Veterans' Home

Amy Frankart, Budget Analyst

ROLE

In 1886, the General Assembly, established the Ohio Soldiers' and Sailors' Home, located on a 99-acre campus in Sandusky. The Home was renamed the Ohio Veterans' Home in 1975. Currently, 95 similar veterans' homes operate in 43 other states. Since its opening in 1888, over 50,000 veterans have lived at the home. To be eligible for admission to the Veterans' Home, a veteran must have served during wartime, been honorably discharged, and have been a resident of Ohio for five consecutive years prior to admission.

Currently, OVH provides long-term care to eligible Ohio veterans in three different settings. The 293-bed Veterans Hall domiciliary provides independence and freedom comparable to community living for residents able to care for themselves. Currently, 236 of the 293 beds in the domiciliary are occupied. A second level of care, referred to as "dom-plus", offers an intermediate level of care for 42 residents. These "dom-plus" residents are located in a separate wing of Veterans Hall. The third level of care, Secrest-Giffin nursing home, adjoins the Veterans Hall, and provides a greater level of care for 425 residents who require more assistance with daily activities and those who require around-the-clock medical care.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
616	$35.9 million	$37.5 million	$19.6 million	$20.6 million	Am. Sub. H.B. 94

OVERVIEW

Am. Sub. H.B. 94 of the 124th General Assembly appropriates $73.4 million over the FY 2002-2003 biennium to the Ohio Veteran's Home. At first glance, the Veterans' Home's budget for FY 2002 appears to have increased 5.9 percent over FY 2001 actual expenditures, growing from $33.9 million to $35.9 million. However, a closer analysis reveals that $480,000 of these funds will be used to oversee the opening of the Georgetown Veterans' Home. Excluding these funds for the new facility, the Veterans' Home's FY 2002 appropriations are 4.3 percent over previous year spending. The appropriation increase will allow the Veterans' Home to maintain current service levels throughout the FY 2002-2003 biennium.

H.B. 770 of the 122nd General Assembly identified the need for an additional state veterans' home. Efforts are underway to build a second, state-operated veterans home in Georgetown, Ohio. Most OVH residents come from Erie County and several surrounding counties. Only a few residents come from south of Interstate 70. Am. Sub. HB 283 provided a $4,200,000 appropriation, representing the State's share of the cost of construction for the second veterans' home. In January 2001, the federal VA provided a formal grant award letter for 65 percent of the cost of construction of the new facility. According to an OVH officer, while it is certain that the construction phase of the project will be completed sometime during fiscal year 2003, it is not possible at this time to determine exactly when the facility will be fully operational. Therefore, operating costs for the new facility are not included in FYs 2002-2003 budget.

BUDGET ISSUES

SOURCE OF REVENUES

The largest source of revenue for OVH is the General Revenue Fund (GRF). The next largest source of revenue is federal grant moneys. GRF appropriations have decreased approximately 21.7 percent over the past eight years, whereas federal grants have increased approximately 18.5 percent and resident assessment fees have increased approximately 31 percent (federal and resident source of revenue only available through FY 2001).

Veterans Source of Revenue by Percentage of Total

Year	State GRF	Federal	Resident	Rotary Fund (SSR 484)
1995	67.06	21.54	11.40	N/A
1996	61.76	24.94	13.30	N/A
1997	60.46	25.07	14.46	N/A
1998	58.80	26.51	14.68	N/A
1999	59.27	24.98	15.75	N/A
2000	58.68	25.26	15.75	.31
2001	58.48	25.52	14.92	1.08
2002	54.60	N/A	N/A	N/A
2003	55.09	N/A	N/A	N/A

Average Daily Costs Continue to Climb

Average daily costs for residents in the Secrest-Giffin nursing home continue to climb. The Secrest-Giffin Nursing Home provides an environment for those residents requiring more assistance with the activities of daily living. Currently, the nursing home is filled to capacity and has an extensive waiting list of disabled veterans. Unlike other nursing homes the cost of care at the Veterans' Home includes all ancillary services, as well as physician, dental, and optometric care. The average daily costs are summarized in the table below:

AVERAGE DAILY COST OF CARE				
Fiscal Year	Veterans Hall Domiciliary	Percent Change	Secrest-Giffin Nursing Home	Percent Change
1996	$63.79	N/A	$147.80	N/A
1997	$63.09	(1.1)	$150.91	2.1
1998	$64.82	2.7	$156.36	3.6
1999	$63.57	(1.9)	$159.61	2.1

Ohio Veterans' Home Staffing Levels:

OVH staffing levels have increased 22.5 percent between 1998 and 2003. Two reasons account for this staff increase: in FY 1999, an additional nursing home unit was opened and additional staff were added to meet the Department of Health audit requirements, and in FY 2000, the 42-bed "dom-plus" unit was opened in the Veterans Hall, which required additional staff.

Ohio Veterans' Home Staffing Levels*						
					Estimated	
Functional Area	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Administration	38	41	23	23	25	25
Secrest-Giffin Nursing Home	392.5	461	434	434	435	435
Veterans Hall Domiciliary	35.5	38.5	47.5	47.5	47.5	47.5
Services	N/A	N/A	63	63	67	67
Veterans Hall of Fame	N/A	1	1	1	1	1
Maintenance	37	37	40.5	40.5	40.5	40.5
Totals	**503**	**578.5**	**609**	**609**	**616**	**616**

*Staff numbers reflect all positions, including vacancies.

Line Item Detail by Agency

Report For: **Main Operating Appropriations Bill** *Version:* **Enacted**

OVH Ohio Veterans' Home

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	430-100	Personal Services	$ 12,168,231	$ 13,832,625	$13,934,450	$ 14,499,975	4.06%	$ 15,434,831	6.45%
GRF	430-200	Maintenance	$ 4,877,159	$ 5,085,709	$5,297,387	$ 5,099,666	-3.73%	$ 5,199,159	1.95%
General Revenue Fund Total			**$ 17,045,390**	**$ 18,918,334**	**$ 19,231,837**	**$ 19,599,641**	**1.91%**	**$ 20,633,990**	**5.28%**
3L2	430-601	Federal Grants	$ 6,620,214	$ 8,212,120	$9,585,358	$ 9,823,259	2.48%	$ 10,059,342	2.40%
319	430-732	Renovate Secrest Bath Areas	$ 0	$ 0		$ 0	N/A	$ 0	N/A
319	430-734	Secrest Air Conditioning	$ 0	$ 0		$ 0	N/A	$ 0	N/A
319	430-746	Community Based Outreach Clinic	$ 179,815	$ 0		$ 0	N/A	$ 0	N/A
319	430-747	Kitchen Etal	$ 637,166	$ 0		$ 0	N/A	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 7,437,195**	**$ 8,212,120**	**$ 9,585,358**	**$ 9,823,259**	**2.48%**	**$ 10,059,342**	**2.40%**
4E2	430-602	Veterans Home Operating	$ 3,838,932	$ 4,386,557	$4,272,087	$ 5,288,525	23.79%	$ 5,583,806	5.58%
484	430-603	Rental and Service Revenue	$ 88,778	$ 111,013	$354,273	$ 457,060	29.01%	$ 509,737	11.53%
604	430-604	Veterans Home Improvement	$ 694,386	$ 776,960	$500,271	$ 725,699	45.06%	$ 670,096	-7.66%
State Special Revenue Fund Group Total			**$ 4,622,096**	**$ 5,274,530**	**$ 5,126,631**	**$ 6,471,284**	**26.23%**	**$ 6,763,639**	**4.52%**
Ohio Veterans' Home Total			***$ 29,104,681***	***$ 32,404,984***	***$ 33,943,825***	***$ 35,894,184***	***5.75%***	***$ 37,456,971***	***4.35%***

- The total funding for all organizations is slightly over $2.8 million for the biennium.
- Funding levels remain constant for FYs 2002 and 2003.

Veterans' Organizations

Wendy Risner, Budget Analyst

ROLE

The state of Ohio currently grants subsidies to 15 different organizations that serve Ohio's veterans. The primary mission of all of these organizations is to promote and provide assistance to veterans in Ohio. These groups educate veterans and their dependents on the various benefits available to them. Some of the organizations provide emergency assistance. All of the various veterans' organizations promote the remembrance of their fellow veterans and the wars they fought. The organizations receive a GRF subsidy as well as federal grants, membership dues, fund-raising efforts, and private donations.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
0	$1.4 million	$1.4 million	$1.4 million	$1.4 million	Am. Sub. H.B. 94

OVERVIEW

The Veterans' Organizations will receive $1,433,625 for each fiscal year in the upcoming biennium. This is the same amount received by the organizations for FY 2001. Each individual veterans' organization received approximately the same funding levels for this biennium as in FY 2001. The only major change in funding was for the American Veterans of World War II. The fund received $887,919 in FY 2001 and $237,919 in both FY 2002 and 2003. This reduction is due to a one-time contribution to the National World War II Memorial made in FY 2001.

BUDGET ISSUES

VETERANS' SPECIALISTS WITHIN ODJFS

According to the Plain Dealer Bureau (February 2, 2001), Ohio returned more than $400,000 set aside by the federal government to assist veterans in FY 2000. This was due to a lack of Veterans Specialists hired by the Ohio Department of Jobs and Family Services. These positions were unfilled even though the wages and benefits of the specialists are paid by the U.S. Department of Labor. ODJFS has since taken steps to remedy this.

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: **Main Operating Appropriations Bill**			*Version:* **Enacted**						
VET Veterans' Organizations									
GRF	743-501	American Ex-Prisoners of War	$ 23,894	$ 24,444	$25,030	$ 25,030	0.00%	$ 25,030	0.00%
GRF	746-501	Army and Navy Union, USA, Inc.	$ 52,515	$ 53,723	$55,012	$ 55,012	0.00%	$ 55,012	0.00%
GRF	747-501	Korean War Veterans	$ 47,208	$ 47,751	$49,452	$ 49,453	0.00%	$ 49,453	0.00%
GRF	748-501	Jewish War Veterans	$ 28,092	$ 28,692	$29,367	$ 29,715	1.19%	$ 29,715	0.00%
GRF	749-501	Catholic War Veterans	$ 55,358	$ 56,631	$57,990	$ 57,990	0.00%	$ 57,990	0.00%
GRF	750-501	Military Order of the Purple Heart	$ 53,818	$ 55,056	$56,377	$ 56,377	0.00%	$ 56,377	0.00%
GRF	751-501	Viet Nam Veterans of America	$ 170,284	$ 177,946	$181,950	$ 185,954	2.20%	$ 185,954	0.00%
GRF	752-501	American Legion of Ohio	$ 231,064	$ 241,462	$252,328	$ 252,328	0.00%	$ 252,328	0.00%
GRF	753-501	American Veterans of WWII	$ 197,627	$ 217,979	$887,919	$ 237,919	-73.20%	$ 237,919	0.00%
GRF	754-501	Disabled American Veterans	$ 150,821	$ 159,146	$165,998	$ 166,308	0.19%	$ 166,308	0.00%
GRF	755-501	Rainbow Division Veterans Association	$ 2,017	$ 4,127		$ 4,226	N/A	$ 4,226	0.00%
GRF	756-501	Marine Corps League	$ 78,727	$ 82,270	$85,972	$ 85,972	0.00%	$ 85,972	0.00%
GRF	757-501	37th Div AEF Veterans Association	$ 5,540	$ 5,807	$5,946	$ 5,946	0.00%	$ 5,946	0.00%
GRF	758-501	Veterans of Foreign Wars	$ 136,538	$ 163,846	$196,615	$ 196,615	0.00%	$ 196,615	0.00%
GRF	759-501	Veterans of World War I	$ 23,894	$ 24,444	$25,030	$ 24,780	-1.00%	$ 24,780	0.00%
General Revenue Fund Total			**$ 1,257,397**	**$ 1,343,324**	**$ 2,074,985**	**$ 1,433,625**	**-30.91%**	**$ 1,433,625**	**0.00%**
Veterans' Organizations Total			***$ 1,257,397***	***$ 1,343,324***	***$ 2,074,985***	***$ 1,433,625***	***-30.91%***	***$ 1,433,625***	***0.00%***

- Women's Policy and Research Commission was not funded in the FY 2002 – FY 2003 biennial budget.

Women's Policy and Research Commission

Carol Robison, Budget Analyst

ROLE

The Women's Policy and Research Commission (WPR) was established in 1991 with the mission of promoting the advancement of women and removing barriers to women's equality. The legal authority for the commission's functions was found in ORC sections 121.51 through 121.53, formerly H. B. 825 of the 118th General Assembly. The commission consisted of 15 members and a staff of approximately 3.5 full-time equivalents. The commission addressed their requirements through research, data collection, and public hearings, and produced a variety of products including a quarterly newsletter, research documents, press kits, exhibits for Women's Equality Day, and impact statements on the potential effect of proposed legislation on Ohio's women. Other services included presentations to women's organizations and information via a toll-free telephone line and the coordination of special events that included the *Making a Difference* award program, and the *Women's Leadership Institute*.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
0	$0	$0	$0	$0	Am. Sub. H. B. 94

OVERVIEW

With the elimination of the Women's Policy and Research Commission, the responsibilities it fulfilled and the products it generated have been terminated.

Report For: Main Operating Appropriations Bill — *Version:* Enacted

WPR Women's Policy and Research Commission

Line Item Detail by Agency	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF 920-321 Operating Expenses	$ 244,014	$ 252,413	$289,590	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total	**$ 244,014**	**$ 252,413**	**$ 289,590**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
4V9 920-602 Women's Policy and Research Commis	$ 1,150	$ 6,248	$10,240	$ 0	-100.00%	$ 0	N/A
State Special Revenue Fund Group Total	**$ 1,150**	**$ 6,248**	**$ 10,240**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
Women's Policy and Research Commission Total	***$ 245,164***	***$ 258,661***	***$ 299,829***	***$ 0***	***-100.00%***	***$ 0***	***N/A***

- BWC Rehabilitation Center closed
- BWC continues development of the Dolphin Project

Bureau of Workers' Compensation

Sean S. Fouts, Budget Analyst

Role

The Ohio Bureau of Workers' Compensation (BWC) administers the largest exclusive workers' compensation system in the United States, with assets of some $25.2 billion. An exclusive system is one in which only the state, not private insurers, provides workers' compensation coverage to business and industry. Ohio's workers' compensation system comprises two agencies: BWC as the insurance provider, and the Ohio Industrial Commission (OIC), which adjudicates disputed claims.

The State Insurance Fund balance for FY 2000 was $6.4 billion, up from $5.2 billion in FY 1999. Current annual premium and assessment income from private and public employers throughout the state amounts to $2.1 billion. Premium payments cover the cost of workers' compensation insurance, while the additional Administrative Cost Fund (ACF) assessments charged to employers support BWC and OIC operations. As of early 2001, BWC maintained a claims reserve of $13.6 billion to cover future wage loss and medical benefits to injured workers. About two-thirds of Ohio's work force (private, state and local government employers) receives their workers' compensation coverage from BWC. Ohio's remaining workers are insured by employers that qualify to self-insure for workers' compensation; self-insured employers pay into the self-insuring employers' guaranty fund to guarantee against losses.

The Governor appoints the administrator, who in turn is assisted by a nine-member Workers' Compensation Oversight Commission, comprised of representatives from business and labor, as well as legislators. Currently, BWC employs approximately 3,000 people. BWC is organized into six programs consisting of ten functional divisions. There are 21 BWC service offices statewide, in addition to the Columbus headquarters.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
3,037	$303.6 million	$316.6 million	$0	$0	Sub. H.B. 75

Overview

Most of the operating expenses of the state's workers' compensation system are covered by appropriations to the Administrative Cost Fund (ACF). There is, however, a separate fund dedicated to Safety and Hygiene. These appropriations are separate from moneys in the State Insurance Fund (SIF), which comprises income from employers' workers' compensation premiums, and is used to pay awards of benefits, compensation, and administrative costs.

FY 2002 appropriations of $303.6 million are 2.9 percent more than FY 2001 spending of $295.1 million. The FY 2003 appropriations of $316.6 million are 4.3 percent more than FY 2002 appropriations.

BUDGET ISSUES

BWC REHABILITATION CENTER CLOSING

Due to the closure of the BWC Rehabilitation Center, appropriation item 855-611, J.L. Camera Center Rent is not funded. It was used to pay rent for the rehabilitation center in Columbus. In the past, appropriation item 855-612, J.L. Camera Center Operating was used for all other expenses for the rehabilitation center. Now, it will be used for expenses related to the closing of the center. Furthermore, the Director of Budget and Management is to transfer, on January 1, 2002, or as soon thereafter as possible, the cash balance in the Camera Center Fund (Fund 4Y6) to the Administrative Cost Fund (Fund 023). Any encumbrances against appropriation items 865-611 and 855-612, relating to the Camera Center shall be cancelled and reestablished against appropriation item 855-409, Administrative Services.

OCCUPATIONAL SAFETY LOAN FUND

Previously, BWC operated an occupational safety loan program. Money received from penalties collected for violations within 24 months of an employer's last violation were deposited into the occupational safety loan fund. The fines could be up to $50,000. Before passage of Sub. H.B. 75, the law also granted authority to the administrator of BWC, with the advice and consent of the oversight commission, to transfer funds from the safety and hygiene fund to the occupational safety loan fund. The bill eliminated the occupational safety loan program and the occupational safety loan fund. The bill directs the administrator of BWC, by no later than January 1, 2002, to transfer the cash balance remaining in the occupational safety loan fund to the safety and hygiene fund. The transfer will be approximately $1.3 million. BWC will operate a safety grants program that will be funded on an as-needed basis through Controlling Board approval.

SAFETY AND HYGIENE OPERATING

In addition to the provision mentioned above requiring the administrator of BWC to transfer the cash balance of the occupational safety loan fund to the safety and hygiene fund, Sub. H.B. 75 contains a provision requiring the administrator of BWC to transfer moneys from the State Insurance Fund to guarantee the proper funding of appropriation item 855-609, Safety and Hygiene Operating, during the biennium. BWC projects that the current one percent assessment attached to employer premiums for the purpose of funding this appropriation item will not be sufficient to sustain adequate service levels. BWC is in the process of developing a permanent solution to this funding problem.

Safety and Hygiene has been successful in its goal of improving workplace safety. However, when workplace safety is improved, employer premiums will drop, resulting in less employer premium revenue to BWC. As a result of reduced employer premium revenue, Safety and Hygiene receives less money through the assessment attached to employer premiums.

DOLPHIN PROJECT

Funds of $5.4 million in FY 2002 and $3.7 million in FY 2003 will support the bureau's continued implementation of the Dolphin Project. The Dolphin initiative is the bureau's effort to provide better service to its users through the Internet. Previous implementations of the project were aimed at injured workers and employers. With this funding, BWC hopes to provide better service to third-party administrators, legal representatives, medical providers, and managed care organizations through better technology. One goal is to allow collaboration between these various organizations and the bureau.

Line Item Detail by Agency

Report For: **BWC Budget** *Version:* **Enacted**

BWC Bureau of Workers' Compensation

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
023	855-100	Personal Services	$ 0	$ 0		$ 0	N/A	$ 0	N/A
023	855-200	Maintenance	$ 0	$ 0		$ 0	N/A	$ 0	N/A
023	855-300	Equipment	$ 0	$ 0		$ 0	N/A	$ 0	N/A
023	855-401	William Green Lease Payments to OBA	$ 14,802,729	$ 15,658,929	$16,334,646	$ 17,570,700	7.57%	$ 18,174,700	3.44%
023	855-407	Claims, Risk & Medical Management	$ 108,794,081	$ 121,609,029	$124,897,904	$ 133,919,528	7.22%	$ 141,539,537	5.69%
023	855-408	Fraud Prevention	$ 8,681,536	$ 9,980,587	$9,960,233	$ 10,698,376	7.41%	$ 11,713,797	9.49%
023	855-409	Administrative Services	$ 111,875,204	$ 111,226,257	$109,103,221	$ 117,121,527	7.35%	$ 119,884,053	2.36%
023	855-410	Attorney General Payments	$ 3,227,422	$ 3,690,907	$3,774,563	$ 4,078,273	8.05%	$ 4,314,644	5.80%
825	855-605	Disabled Workers Relief Fund	$ 572,353	$ 582,256	$629,057	$ 668,280	6.24%	$ 693,764	3.81%
822	855-606	Coal Workers' Fund	$ 64,533	$ 74,251	$78,185	$ 86,465	10.59%	$ 91,894	6.28%
823	855-608	Marine Industry	$ 41,641	$ 45,757	$45,811	$ 50,755	10.79%	$ 53,952	6.30%
826	855-609	Safety & Hygiene Operating	$ 16,082,126	$ 17,720,519	$17,076,212	$ 18,888,294	10.61%	$ 20,130,820	6.58%
826	855-610	Safety Grants Program	$ 0	$ 7,471,989	$10,339,284	$ 0	-100.00%	$ 0	N/A
4Y6	855-611	J.L. Camera Center-Rent	$ 494,028	$ 247,014		$ 0	N/A	$ 0	N/A
4Y6	855-612	J.L. Camera Center Operating	$ 8,114,661	$ 7,392,735	$2,725,970	$ 500,000	-81.66%	$ 0	-100.00%
Workers' Compensation Fund Group Total			**$ 272,750,314**	**$ 295,700,230**	**$ 294,965,086**	**$ 303,582,198**	**2.92%**	**$ 316,597,161**	**4.29%**
R46	855-602	Camera Center Services	$ 101,776	$ 259,620	$164,184	$ 0	-100.00%	$ 0	N/A
Holding Account Redistribution Fund Group Total			**$ 101,776**	**$ 259,620**	**$ 164,184**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
Bureau of Workers' Compensation Total			***$ 272,852,090***	***$ 295,959,850***	***$ 295,129,271***	***$ 303,582,198***	**2.86%**	***$ 316,597,161***	**4.29%**

- Trim GRF budget prompts institutional closure
- County facilities face potential delays ahead
- Rehabilitation and treatment center subsidy eliminated

Department of Youth Services

Laura A. Potts, Budget Analyst

ROLE

The department's role is to enhance public safety through the confinement of delinquent juveniles who committed acts that would be felonies if committed by adults and the provision or support of various institutional and community-based programs to aid in the rehabilitation of youth. The Governor appoints a director to manage the Department of Youth Services (DYS), a cabinet level agency.

Agency In Brief

Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
2,075*	$269.9 million	$281.1 million	$232.4 million	$241.8 million	Am. Sub. H.B. 94

*Maximum number of FTEs, with further labor force reductions possible.

OVERVIEW

As of the start of FY 2002, the department was: (1) operating nine state institutions, two residential centers, and seven regional parole offices, (2) taking control of the state's $10-plus million federal juvenile justice and delinquency prevention program, (3) contracting with two privately-run residential facilities for the provision of specialized treatment services, and (4) preparing to distribute $60-plus million in annual GRF funding to juvenile courts for the sanctioning and treatment of youth, which included the operation of county-run detention centers and CCFs.

In the course of protecting Ohio's public safety from youthful offenders, judges commit male and female juveniles between the ages of 12 and 18 to the department for various lengths of time, but no later than their 21st birthday. Judges impose a minimum stay as prescribed by law. For delinquent acts that would be felonies of the third, fourth, and fifth degree if committed by adults, that stay is a minimum of six months. For the more serious delinquent acts that would be felonies of the first and second degree if committed by adults, the minimum stay is one year. The department no longer receives 16 and 17 year old homicide offenders, as they are tried as adults. Under Am. Sub. H.B. 1 of the 121st General Assembly, which took effect January 1, 1996, longer minimum commitments were established for certain violent crimes; the minimum commitment for these offenses is one year to three years. In addition, a minimum one-, two-, or three-year commitment is imposed on any youth who also is found to have committed the delinquent act under certain firearm, gang, or body armor related circumstances.

On January 1, 2002, Am. Sub. S.B. 179 of the 123rd General Assembly will go into effect, and as a result, a number of changes to the state's juvenile law that will take place at that time. The first of those changes is that a 10 or 11 year old may be committed to the department for murder, a violent delinquent act that is a felony of the first or second degree, and arson. The department does not expect this sentencing provision will affect a large number of youth. Youth will also be eligible for blended sentences. A blended sentence will be one in which a juvenile court is able to impose an adult sentence, but suspend the sentence until the juvenile disposition is served. If a youth successfully completes their juvenile disposition, the adult portion of the sentence is never invoked. If a youth, however, commits a new felony, a violent first-degree misdemeanor, or engages in conduct that creates a substantial risk to the safety or security of the institution, community, or victim, the adult sentence can be invoked. Another change will require that a commitment for a mandatory gun specification be served consecutively with the commitment for the underlying delinquent act.

Another major area of change for the department is tied to the FY 2002-2003 biennial budget which contains language and funding that gives it control of the state's federal juvenile justice and delinquency prevention program. This will involve transferring the administration of around $14 million in annual federal funding and six associated full-time staff positions from the Office of Criminal Justice Services, which previously had administrative responsibility for these federal grant moneys.

The FY 2002-2003 biennial budget provides a level of annual GRF funding that is below what the department has calculated as the future cost of delivering its FY 2001 programs and services. In FY 2002, the department's total GRF appropriation is just $2.6 million, or 1.1 percent, over its total actual FY 2001 GRF expenditures. This is followed by a $9.4 million, or 4.0 percent, bump in the total GRF appropriation for FY 2003. Because the vast majority of the department's funding comes from the state's GRF, these relatively small increases mean that it will not be able to maintain its FY 2001 level of programs and services. As a result, the department will have to make many changes in its internal operations, specifically in relation to institutional expenses, and modify plans for providing state financial assistance to various county-based facilities and programs. Cuts will have to be made. Costs will have to be reallocated. Some planned activities will be cancelled, delayed, or phased-in.

In order to live within the constraints created by this GRF budget and maintain their existing level of institutional services, the department is planning to close one of its older and less efficient state institutions by the end of FY 2002. By closing a state institution, the department gains greater flexibility in trying to maintain institutional services in the second year of the biennium - FY 2003. In addition, the department will have to realign its plans for various subsidy programs that assist counties and their juvenile courts. The subsidy program for county rehabilitation and treatment centers will be eliminated and the operationalization of several county detention centers and CCFs currently under construction will most likely be delayed and their openings phased-in.

BUDGET ISSUES

RECLAIM OHIO

The RECLAIM Ohio (Reasoned and Equitable Community and Local Alternatives to the Incarceration of Minors) program, launched as a pilot in January 1994 and implemented statewide in 1995, provides juvenile courts with funding to develop community-based programs for low-level juvenile offenders. In doing so, the program is intended to reduce the number of youth who are sentenced to the custody of the department.

Funding is allocated to counties through a formula based upon each county's proportion of statewide felony delinquent adjudications. Each month, counties are debited 75 percent against a per diem allocation for youth placed in departmental institutions and 50 percent for youth placed in CCFs. Any funds remaining after the county's commitments to the department are then remitted to counties and used by juvenile courts to support the development and operation of rehabilitation programs at the local level. Courts may use the funds to purchase or develop a broad based spectrum of community-based programs for adjudicated felony delinquent youths who would otherwise have been committed to the custody of the department. Such programs include day treatment, intensive probation, electronic monitoring, home-based services, residential treatment reintegration, and transitional programs. In FY 2001, counties retained $26.6 million in RECLAIM Ohio funding for local programs.

A "contingency" fund in the program, which represents up to five percent of the total RECLAIM Ohio allocation, allows courts to commit youth to the custody of the department or CCFs, even if a county has exhausted its allocation. The law also provides for a category of commitments called "public safety beds" for which the counties are not debited. Public safety beds are provided for youth that are committed for very serious offenses like murder, manslaughter, rape, arson, and gun specifications.

The RECLAIM Ohio program, which includes funds needed for the operation of institutions, institutional programs, private facilities, and CCFs received less than the department calculated its future cost of doing business would be by $5.0 million in FY 2002 and $13.2 million in FY 2003. The department believes that this lower level of funding will require one of its existing state institutions to be closed before the start of FY 2003.

The department has announced that the state institution it intends to close is the Maumee Juvenile Correctional Facility, located in Henry County. According to the department, this state institution has not been operating efficiently for some time. It is a minimum-security facility, and because it is situated within the Maumee State Forest, an environmentally protected area, increasing the institution's perimeter security has not been possible. As a result, the department has sent fewer juveniles to the institution as the type of youth who would be appropriate for this lower level of security are currently more likely to be diverted into locally run facilities and programs and not sent to the department. Because of its declining juvenile population and high operating costs (in excess of $9.0 million per fiscal year), the department felt that Maumee is the most appropriate state institution to close. Closure of the institution will occur before the end of FY 2002 and will eliminate the equivalent of 171 full-time staff. Employees will be offered early retirement buyouts, transfers to other understaffed institutions (such as the Marion Juvenile Correctional Facility), or perhaps placement in local programs that serve juveniles. The department is hopeful that it can minimize the number of staff that might have to be laid off. Upon its closure, the plan is to transfer the facility and its associated land over to the Department of Natural Resources.

One potential consequence of such a closure is that the level of crowding at other state institutions may rise. The transfer of staff to the Marion Juvenile Correctional Facility, which has been operating at less than capacity, will help with the safety and security issues that institutional crowding create. Also easing the institutional crowding situation will be the addition of 120 new beds to the Ohio River Valley Correctional Facility, which is more than the likely number of beds that will be lost when this older institution is closed. Ohio River Valley provides a more cost-effective method in the care and custody of institutionalized juveniles than does trying to keep open an older and less efficient state institution.

The department reports that an issue likely to concern counties is that the annual funding level for RECLAIM Ohio will make it difficult for the department to fund the annual operating costs of the CCFs that are being built, but not yet opened. Two CCFs currently under construction will be most affected. At some point during the biennium, construction will be completed but the department believes there will not be enough funding to open or fully open these CCFs, which are located in Stark and Perry counties.

Despite its rather constrained fiscal environment, the department still believes it can continue to deliver its FY 2001 level of institutional programs uninterrupted, including the provision of education, mental health, substance abuse, and food services.

PAROLE OPERATIONS

The department supervises juveniles released from its institutions through its Division of Parole, Courts, and Community Services, which operates seven field offices. Parole operations are divided into two branches: Community Residential Services and Non-Community Residential Services. Private and public vendors provide these services. Over time, the fiscal emphasis on residential services has decreased, while the funding to non-residential services has increased.

As part of a collective bargaining agreement, the department will implement a program to provide all parole officers with cellular phones. This is to address concerns about parole officer safety as they are unarmed and work solo in what are sometimes threatening environments. While this might be construed as an expansion of their parole program, the department was obligated to remain in compliance with the contract with the union although their parole funding overall was cut from maintenance levels. The department will delay filling vacancies and otherwise juggle finances to fulfill this obligation, and does not plan to undertake any other programmatic expansions with regard to its parole operations at this time.

JUVENILE COURT SUBSIDIES

The department also operates subsidy programs that provide GRF funding to juvenile courts for the purpose of: (1) diverting youth from the juvenile justice system (line item 470-510, Youth Services), and (2) assisting in the cost of operating county detention centers (line item 470-502, Detention Subsidy).

As part of the state's biennial budgeting process, GRF funding for one of the department's other preexisting subsidy programs was eliminated (line item 470-501, Rehabilitation Subsidy). This subsidy was used to provide financial assistance to counties that operated their own rehabilitation and treatment centers, specifically to assist counties in offsetting the costs of paying for building upkeep. Counties without a rehabilitation and treatment center were not eligible to receive this funding. The elimination of this subsidy will affect the nineteen counties noted in the table below.

Counties Affected by Elimination of the Rehabilitation & Treatment Center Subsidy					
Allen	Athens	Carroll	Columbiana	Cuyahoga	Geauga
Greene	Hamilton	Holmes	Lawrence	Lorain	Miami
Montgomery	Ross	Stark	Tuscarawas	Warren	Wayne
Washington					

With regard to the Detention Centers subsidy, the department needed funding to continue assisting 38 existing county facilities and bring four new county facilities on line. The FY 2002-2003 biennial budget does not fully fund that plan. The department believes it can maintain its existing level of financial assistance to currently operating county detention centers, but that the activation of new county detention centers will most likely need to be phased-in. This would affect new facilities being constructed in Clinton, Fairfield, Hancock, and Logan counties.

The Youth Services Block grant program, which subsidizes programs that serve non-felony juveniles, received close to continuation funding under the FY 2002-2003 biennial budget. The department believes that the appropriated subsidy amounts in each of FYs 2002 and 2003 will allow it to more or less maintain the level of financial assistance that was provided during the prior biennium.

ADMINISTRATION

The department's administration is responsible for overseeing operation of all aspects of its responsibilities (institutions, contract facilities, parole, juvenile court subsidies, and so forth). The FY 2002-2003 biennial budget provides a level of annual GRF funding that is less than the department's calculated cost of continuing its FY 2001 administrative operation by $2.3 million in FY 2002 and $2.0 million in FY 2003. The department believes that it can get by with this level of GRF funding, but that it will require delays in filling vacant staff positions and moving staff around to manage ongoing responsibilities. It will not, however, be able to take on any planned new initiatives, such as fully meeting the American Correctional Association's standards or the recommendations of the Governor's Management Improvement Commission.

TRANSITIONAL SERVICES/CBOP

Transitional services started some years ago at a time when the department's institutions were extremely crowded. The intent was to create programming options for problematic offenders that would ease them out of institutional settings and back into their communities. The department contracts with the private sector through its Community Based Options Program, referred to as CBOP. CBOP is intended to provide specialized treatment services, including services to transition youth in need of mental health and sex offender services out of institutions. Both mental health and sex offender populations present significant challenges for treatment.

In its budget request, the department was looking for $1.6 million in GRF funding for each fiscal year, primarily in order to contract for 22 short-term residential beds for sex offenders (line item 470-402, Community Program Services). The FY 2002-2003 biennial budget provides roughly half the amount that was requested in each fiscal year. In response, the department will eliminate a contract under which certain transitioning youth receive specialized mental health services, and cut the number of contract beds for transitioning sex offenders from 22 to 10. This reduced level of funding has placed the department in a situation where it has had to reevaluate the approach to transitional services. As part of this reevaluation, the department is examining existing institutional and parole programs to see if either could provide viable alternatives for funding the delivery of services to transitioning youth who require specialized treatments.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill   **Version:** Enacted

DYS Youth Services, Department of

Fund	ALI	Line Item	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	470-401	RECLAIM Ohio	$ 137,993,236	$ 147,960,057	$153,776,923	$ 158,396,592	3.00%	$ 161,949,705	2.24%
GRF	470-402	Community Program Services	$ 2,924,576	$ 2,334,926	$2,149,757	$ 729,793	-66.05%	$ 826,898	13.31%
GRF	470-404	Vocational Rehabilitation	$ 256,250	$ 0	$268,435	$ 0	-100.00%	$ 0	N/A
GRF	470-405	County Program Development	$ 600,000	$ 0		$ 0	N/A	$ 0	N/A
GRF	470-412	Lease Rental Payments	$ 9,659,134	$ 13,251,131	$13,250,822	$ 17,376,700	31.14%	$ 18,739,900	7.84%
GRF	470-413	Preventive Maintenance	$ 0	$ 0		$ 0	N/A	$ 0	N/A
GRF	470-501	Rehabilitation Subsidy	----	$ 2,014,946	$2,068,645	$ 0	-100.00%	$ 0	N/A
GRF	470-502	Detention Subsidies	$ 8,104,443	$ 6,211,139	$5,820,691	$ 6,070,765	4.30%	$ 6,336,539	4.38%
GRF	470-510	Youth Services	$ 21,274,368	$ 21,243,779	$21,772,243	$ 18,558,587	-14.76%	$ 20,988,056	13.09%
GRF	472-321	Parole Operations	$ 16,274,217	$ 16,873,690	$16,140,171	$ 16,429,841	1.79%	$ 16,987,328	3.39%
GRF	474-321	Facilities Activation	$ 0	$ 2,489,486	$469,326	$ 0	-100.00%	$ 0	N/A
GRF	476-321	AmeriCorps Operations	$ 0	----		----	N/A	----	N/A
GRF	477-321	Administrative Operations	$ 13,845,951	$ 13,739,593	$13,870,253	$ 14,592,729	5.21%	$ 15,695,426	7.56%
GRF	477-406	Interagency Collaborations	$ 250,000	$ 250,000	$250,000	$ 248,663	-0.53%	$ 257,380	3.51%
General Revenue Fund Total			**$ 211,182,175**	**$ 226,368,747**	**$ 229,837,266**	**$ 232,403,671**	**1.12%**	**$ 241,781,232**	**4.04%**
4A2	470-602	Child Support	$ 298,621	$ 599,262	$437,872	$ 450,000	2.77%	$ 400,000	-11.11%
4G6	470-605	General Operational Funds	$ 4,145	$ 0		$ 10,000	N/A	$ 10,000	0.00%
479	470-609	Employee Food Service	$ 66,179	$ 125,800	$151,547	$ 143,349	-5.41%	$ 146,933	2.50%
175	470-613	Education Reimbursement	$ 6,581,600	$ 6,740,152	$10,423,639	$ 8,461,407	-18.82%	$ 8,817,598	4.21%
6A5	470-616	Building Demolition	$ 0	----		----	N/A	----	N/A
4J7	470-619	Mental Health & Substance Abuse Trea	$ 1,324,144	$ 309,078		$ 0	N/A	$ 0	N/A
216	470-620	Juvenile Conferences	$ 72,894	$ 0		$ 0	N/A	$ 0	N/A
523	470-621	Wellness Program	$ 25,027	$ 114,386	$154,883	$ 192,954	24.58%	$ 197,778	2.50%
General Services Fund Group Total			**$ 8,372,610**	**$ 7,888,678**	**$ 11,167,941**	**$ 9,257,710**	**-17.10%**	**$ 9,572,309**	**3.40%**
321	470-601	Education	$ 1,213,600	$ 1,233,741	$1,387,183	$ 1,298,156	-6.42%	$ 1,334,122	2.77%
321	470-603	Juvenile Justice Prevention	$ 1,029,011	$ 1,290,226	$2,101,246	$ 2,973,733	41.52%	$ 2,973,733	0.00%
3V5	470-604	Juvenile Justice/Delinquency Preventio	----	----		$ 5,159,202	N/A	$ 5,998,092	16.26%
321	470-606	Nutrition	$ 2,108,730	$ 2,404,752	$2,569,256	$ 2,800,000	8.98%	$ 2,800,000	0.00%
3V9	470-608	Federal Juvenile Programs FFY 01	----	----		$ 7,828,899	N/A	$ 0	-100.00%

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
DYS Youth Services, Department of									
321	470-610	Rehabilitation Programs	$ 74,309	$ 217,775	$423,011	$ 83,500	-80.26%	$ 83,500	0.00%
3W0	470-611	Federal Juvenile Programs FFY 02	----	----		$ 0	N/A	$ 7,828,899	N/A
321	470-614	Title IV-E Reimbursements	$ 6,405,315	$ 5,827,094	$5,690,294	$ 5,700,000	0.17%	$ 5,700,000	0.00%
321	470-617	AmeriCorps Programs	$ 234,614	$ 209,164	$235,087	$ 407,860	73.49%	$ 418,444	2.60%
Federal Special Revenue Fund Group Total			**$ 11,065,579**	**$ 11,182,752**	**$ 12,406,076**	**$ 26,251,350**	**111.60%**	**$ 27,136,790**	**3.37%**
147	470-612	Vocational Education	$ 1,455,879	$ 1,883,836	$1,806,355	$ 2,012,665	11.42%	$ 2,090,392	3.86%
4W3	470-618	Help Me Grow	$ 1,056	$ 0	$1,000	$ 10,900	990.02%	$ 11,587	6.30%
5J7	470-623	Residential Treatment Services	----	$ 1,462,391	$421,462	$ 0	-100.00%	$ 500,000	N/A
State Special Revenue Fund Group Total			**$ 1,456,935**	**$ 3,346,227**	**$ 2,228,816**	**$ 2,023,565**	**-9.21%**	**$ 2,601,979**	**28.58%**
Youth Services, Department of Total			***$ 232,077,299***	***$ 248,786,404***	***$ 255,640,099***	***$ 269,936,296***	***5.59%***	***$ 281,092,310***	***4.13%***

- Local Government Funds were frozen at FY 2001 levels.
- Implementation of corporate franchise tax credits was delayed.

Tax Policy and Revenue

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INTRODUCTION

H.B. 94 made numerous tax law changes. These changes included the establishment of a tax amnesty program for three months of FY 2002, the exemption from the sales tax of certain local calls made from coin-operated telephones, the delay in implementation of some corporate tax credits established in the previous budget bill, and the transfer of certain tax collection and processing functions from the office of the Treasurer of State to the Department of Taxation. While many of these changes have both administrative and policy aspects, the changes that predominantly affect the Department of Taxation's budget (such as the transfer of functions from the Treasurer of State) are discussed under the Department of Taxation, and to a lesser extent under the Treasurer of State. Those changes that significantly affect taxpayers and/or state revenues are discussed in this section. Finally, some changes predominantly affect the Department of Natural Resources or the Racing Commission. Those changes are discussed in the sections dealing with those agencies.

Table 1 lists the most significant tax law changes in H.B. 94. For the most part, the changes increase revenue to the GRF over the FY 2002-2003 biennium. The provision with the greatest projected impact is the local government fund distribution freeze, which freezes the amounts deposited into and distributed from the three local government distribution funds at FY 2001 levels. This provision affects the distribution of revenue by fund of the personal income tax, the sales and use tax, the corporate franchise tax, the public utility excise tax, and the kilowatt-hour tax. (The freeze also affects local revenues, reducing combined distributions to the Local Government Fund, the Local Government Revenue Distribution Fund, the Library and Local Government Fund by the same amount that it increases the GRF.) The tax amnesty program also affects several different tax revenue sources.

Table 1 – Tax Law Changes In Am. Sub. H.B. 94			
Section 1 - State Tax Issues			
Issue	**Description**	**Estimated GRF Revenue Gain Due to Change**	
		2002	**2003**
Multiple Tax Sources			
Tax Amnesty	Grants an "amnesty" period during FY 2002, during which taxpayers with liabilities that are not known to the state can report the liability and pay outstanding tax without penalty.	$17 Million	$5 Million
Local Government Distribution Funds Freeze	Freezes amounts deposited into and distributed from local government distribution funds at FY 2001 levels	$42.8 million	$117.7 million
Corporate Franchise Tax			
Job Training Expenses Tax Credit	Delays for two years the corporate increased job training expenses tax credit.	$20 Million	$20 Million
Research and Development Tax Credit	Delays commencement of the corporation franchise tax credit for qualified research expenses until tax year 2004.	$17 Million	$25.5 Million
Franchise Tax Base for Certain Multistage Financial Institutions	Extends through tax year 2003 the option given to certain multistage financial institutions to base their corporation franchise taxes on their deposits rather than on an apportionment of their sales, property, and payroll factors.	No revenue estimate made.	
Corporation Franchise Tax and Corporation Transfers	Modifies the transfer and exit tax provisions and clarifies that transferring assets to another corporation is a "transfer" under the transfer tax provision only if it qualifies for nonrecognition of gain or loss under the Internal Revenue Code.	Technical change, no revenue estimate made.	
Corporation Franchise Tax (Litter Taxes)	Modifies procedures for transferring moneys into the Recycling and Litter Prevention Fund from corporate franchise "litter" taxes and surcharges.	Decrease of $2.6 million	Decrease of $2.6 million
Personal Income Tax			
Personal Income Tax-Nonresident Credit	Clarifies exclusion relating to investment in pass-through entities	Technical change, no revenue estimate made.	
Investment Pass-Through Entity's Management Fee Exclusion	Disallows the exclusion of net management fees from an investment pass-through entity's withholding tax base if the fees exceed 5% of its net income.	Technical change, no revenue estimate made.	
Sales and Use Tax			
Sales Tax- Coin-Operated Telephone Calls	Provides that local telephone calls made with coins from coin-operated telephones are not "sales" for purposes of the sales tax law.	Decrease of $1.5 million	Decrease of $1.5 million

Table 1 – Tax Law Changes In Am. Sub. H.B. 94			
Section 2 - Local Tax Issues			
Issue	**Description**	**Estimated Revenue Gain Due to Change**	
		2002	**2003**
Property Tax			
Sale of Property Tax Certificates	Permits the county treasurer of any county having a population of at least 200,000 persons (rather than 1.4 million as specified in current law) to sell tax certificates for delinquent property taxes through negotiations with one or more persons instead of by public auction.	Permissive	
County Special Tax Levy	Authorizes a county special tax levy for the combined purposes of a 9-1-1 system and a countywide public safety communications system.	Permissive	
Tax Exemption-Certain Tangible Personal Property	Exempts from taxation certain tangible personal property held by the federally chartered Corporation for the Promotion of Rifle Practice and Firearms Safety.	This provision has the potential to create a loss in potential revenue for school districts and local governments where this property is located. There is currently no tangible personal property owned by the Corporation for the Promotion of Rifle Practice and Firearm Safety held in Ohio.	
Miscellaneous Local Taxes			
County Motor Vehicle License Tax	Allows a board of county commissioners, with a resolution from a board of township trustees, to annually increase or decrease the allocation of the second additional county motor vehicle license tax to a percentage greater than 30%, which is required by current law.	Permissive. This provision has the potential to shift revenue from counties to townships.	
Late-Payment Lodging Tax Penalty and Hotels with Fewer Than Five Rooms	Permits counties, municipal corporations, and townships to adopt regulations imposing a penalty and interest for late payment of lodging taxes, and grants them the option of applying the lodging tax to hotels having fewer than five rooms. (The definition of hotel to include establishments with fewer than five rooms is to be used only for lodging, not sales, tax purposes.)	This provision has the potential to create additional revenue for local governments.	

OTHER TAX LAW CHANGES

The provisions noted in Table 1 are discussed in more detail in subsequent sections. H.B. 94 also makes numerous clarifications and technical changes to the law. These provisions are noted below. Most have little or no impact on state or local revenues, and LSC did not make any revenue estimates for these provisions.

H.B. 94 made changes to the personal income tax non-resident credit and to the investment pass-through entity's management fee exclusion. The bill provides that, for the purpose of computing a nonresident owner's tax credit, if a taxpayer has an investment in an investment pass-through entity and that entity, in turn, has an investment in any other pass-through entity, the existing exclusion of income items (income, gain, deduction, or loss) received by the nonresident taxpayer does not apply to income items received directly or indirectly through (1) a distributive share of income or gain from a pass-through entity that does not qualify as an investment pass-through entity, or (2) a pass-through entity's income or gain that is not a fee excluded from taxation under existing law. With respect to the management fee exclusion, H.B. 94 disallows the exclusion of net management fees from an investment pass-through entity's withholding tax base if the fees exceed five percent of its net income.

H.B. 94 extends through tax year 2003 the option given to certain multistage financial institutions to base their corporation franchise taxes on their deposits rather than on an apportionment of their sales, property, and payroll factors. (In order to avail itself of this option, a financial institution must have at least 10 percent of its deposits in Ohio and have been involved in a merger.)

H.B. 94 makes a technical change to the estate tax, so that all estates that are exempted from the estate tax are not required to file an estate tax return. It also clarifies provisions related to the excise tax on natural gas (established by S.B. 287 of the 123rd General Assembly) and the excise tax on self-assessing purchasers of electricity (established by S.B. 3 of the 123rd General Assembly). With respect to the excise tax on natural gas, the bill provides that the tax will first be applied to the measurement period that includes July 1, 2001, rather than on and after July 1, 2001.

The bill requires self-assessing purchasers to apply annually for the privilege of self-assessing; it provides that the registration period begin on May 1 of each year; and it allows an electricity user to apply as a self-assessing purchaser any time during the registration year for the remainder of the year. It also clarifies that the per-kilowatt-hour excise tax on self-assessing purchasers of electricity is to be \$.00075 per kilowatt-hour on the first 504 million kilowatt-hours distributed to a meter or location during the registration year rather than \$.00075 per kilowatt-hour on not more than 504 million kilowatt-hours.

CORPORATE FRANCHISE TAX

Am. Sub. H.B. 94 delays tax credits for job training and qualified research expenses, and makes other changes to the corporate franchise tax.

JOB TRAINING EXPENSES TAX CREDIT

Am. Sub. H.B. 94 delays a new, non-refundable job training expenses tax credit created by Am. Sub. H.B. 283 of the 123rd General Assembly that was expected to have negative revenue impact in FY 2002. Am. Sub. H.B. 94 postpones the claiming of this credit to 2004, 2005, and 2006, with a change in the manner in which the credit is claimed for 2004. The credit will be equal to one-half of the incremental training costs defined as the training expenses above the average training cost for the previous three years, except for claims for credit applied to 2004. For 2004, the credit will be claimed on the basis of job training costs incurred in 1999, 2000, and 2001 (or in the case of insurance companies and dealers in intangibles, on the basis of expenses in 1998, 1999, and 2000). There are several caps on the credit amount. For any corporate taxpayer, the credit is capped at $1,000 times the number of employees trained and $100,000 per corporation. The tax credit has a carry forward provision of three years after it was first claimed. Statewide, the credit cannot exceed $20 million in any calendar year. LSC had estimated the revenue loss from the jobs training expenses for Am. Sub. H.B. 283, based on extrapolations from data on jobs training credit in several other states. The cap of $20 million per year for this tax credit would have been attained in FY 2002 and FY 2003, had this credit been claimed in these fiscal years. Therefore, delaying the tax credit increases GRF revenue by the same amount, $20 million, in each year of the current biennium.

Research and Development Tax Credit

Am. Sub. H.B. 94 also delays the commencement of the new corporation franchise tax credit for qualified research expenses until 2004. This tax credit was also created by Am. Sub. H.B. 283 of the 123rd General Assembly and was to have first taken effect during taxable year 2001. In fact, corporations with taxable years that ended prior to July 1, 2001 are allowed to claim the tax credit for tax year 2002. For corporations that have a taxable year ending after July 1, 2001, the tax credit claim will be delayed until 2004. This tax credit is for 7 percent of qualified research expenses in Ohio, over and above the average annual research expenses for the past three years. The credit may be carried forward for seven years. LSC estimated from federal corporate returns that this tax credit could cost anywhere from $20 million to $34 million per year. However, some corporations that could claim this credit would also be using most or all of their tax liability with the existing investment tax credit. According to the Department of Taxation, the delay will improve GRF revenues by $17.0 million in FY 2002 and $25.5 million in FY 2003.

Transfer of Certain Proceeds of Corporate Franchise Taxes and Surcharges To the Recycling and Litter Prevention Fund

Am. Sub. H.B. 94 revises certain procedures for transferring moneys into the Recycling and Litter Prevention Fund from corporate franchise "litter" taxes and surcharges. Previous law required the Treasurer of State to credit $5 million every six months to the Recycling and Litter Prevention Fund from reported corporate tax liability under the "litter" taxes. The budget bill removes these earmarks. The total amount of "litter" taxes received (minus amounts retained by the Department of Taxation to administer the "litter" taxes) will be credited to the Recycling and Litter Prevention Fund. This revision is expected to decrease GRF revenues by $2.6 million each year of the current biennium.

Taxation of Certain Corporations Following a Transfer of Assets

Am. Sub. H.B. 94 also makes a slight change regarding the taxation of certain transferor/transferee corporations when all of their assets are transferred to another corporation. This change follows the revisions made by Am. Sub. S.B. 287 of the 123rd General Assembly. Am. Sub. S.B. 287 reconciled the franchise "exit" tax (for a transferor corporation whether or not it ceases to exist as a going concern) and the requirement that a transferee corporation add to its income, the transferor's income (if the transferor's income was not taxed under the "exit" tax). Am. Sub. H.B. 94 provides that this change would not apply to any transfer of assets for which negotiations began prior to January 1, 2001, and that was commenced in and completed during calendar year 2001, unless the taxpayer makes an election prior to December 31, 2001. The fiscal impact of these changes is expected to be minimal.

Tax Amnesty

Am. Sub. H.B. 94 established an amnesty period during FY 2002 during which taxpayers with liabilities that are not known to the state can report the liability and pay outstanding tax without penalty and without paying one-half of any accrued interest. The amnesty applies to liabilities for the following taxes: state personal income, corporation franchise, pass-through entity, sales and use (state, county, and transit), public utility excise (gross receipts), and business tangible personal property. It includes liabilities for income taxes withheld by employers but never reported or remitted to the state, and for sales or use taxes that have been collected by a vendor but not reported or remitted to the state. Am. Sub. H.B. 299 extended the tax amnesty to school district personal income taxes.

Collections arising from the amnesty for state taxes are to be credited to the GRF. Collections arising from county or transit authority sales and use taxes are to be distributed to the county or the transit authority that is owed the taxes, and collections arising from tangible personal property taxes are to be distributed among the taxing districts as are other property tax collections. Collections arising from school district personal income taxes are to be distributed to the school district from which the tax originated.

The amnesty does not apply to unpaid taxes if a notice of assessment has been issued, a bill has been served, or an audit has been conducted with respect to those taxes on or before May 1, 2001.

The amnesty is estimated to yield $17 million in revenues to the GRF in FY 2002 and $5 million in FY 2003. Due to the LGF freeze, all net state revenue from the amnesty will be deposited into the GRF. Estimated revenue yields for other taxing jurisdictions are not available.

Temporary Stabilization of Local Government Distributions

The budget freezes, for FY 2002 and FY 2003, amounts of state tax receipts that are deposited into and distributed from the Local Government Fund and the Local Government Revenue Assistance Fund at the levels of FY 2001. Although June 2001 deposits and July 2001 distributions are to be made under existing law (amounts credited one month are distributed the next), the bill makes adjustments to the July 2001 deposits and August 2001 distributions so that the freeze effectively begins with the June 2001 deposits and July 2001 distributions. The same freeze applies to amounts deposited into and distributed from the Library and Local Government Support Fund (LLGSF), except that distributions to each county undivided library and local government support fund are further reduced by the county's pro-rata share of any transfers made from the LLGSF to the Ohio Public Library Information Network (OPLIN) Technology Fund.

The freezes affect deposits of receipts from the personal income tax, the sales tax, the use tax, the corporate franchise tax, the public utilities excise tax, and the kilowatt-hour tax. Tax receipts that would otherwise have been credited to the local funds will instead be credited to the General Revenue Fund (an adjustment is made to capture for the GRF the June 2001 deposit of kilowatt-hour taxes). Amounts that would have been transferred from the Income Tax Reduction Fund to the local government funds will also be transferred to the GRF.

The freezes are estimated to add $59.4 million to the GRF in FY 2002 and $132.5 million in FY 2003.

PERSONAL INCOME TAX – NONRESIDENT CREDIT

The bill provides that, for the purpose of computing a nonresident owner's tax credit, if a taxpayer has an investment in an investment pass-through entity and that entity, in turn, has an investment in any other pass-through entity, the existing exclusion of income items (income, gain, deduction, or loss) received by the nonresident taxpayer does not apply to income items received directly or indirectly through (1) a distributive share of income or gain from a pass-through entity that does not qualify as an investment pass-through entity, or (2) a pass-through entity's income or gain that is not a fee excluded from taxation under existing law.

PROPERTY

DELINQUENT TAX CERTIFICATES

Am. Sub. H.B. 94 permits the county treasurer of any county having a population of at least 200,000 to sell tax certificates from delinquent property taxes through public auction and negotiations with one or more persons. Prior law required the population of the county to be at least 1.4 million in order to sell tax certificates for delinquent taxes through negotiations. Under the 1990 Census, only Cuyahoga County was able to sell certificates through negotiations; however, its population fell to 1.3 million under the 2000 census. The counties affected by this change are Butler, Cuyahoga, Franklin, Hamilton, Lake, Lorain, Lucas, Mahoning, Montgomery, Stark, Summit, and Trumbull.

COUNTY SPECIAL TAX LEVY

The budget bill permits counties to levy a tax to both establish and operate a 9-1-1 system and to support a countywide public safety communications system. Previously counties could only levy taxes for each of these purposes individually. This is permissive and must be voted on by citizens of the county.

TANGIBLE PERSONAL PROPERTY TAX EXEMPTION

Am. Sub. H.B. 94 exempts the federally chartered Corporation for the Promotion of Rifle Practice and Firearm Safety from tangible personal property taxes. This organization, which is associated with Camp Perry in Ottawa County, has not previously stored any personal property in Ohio. Thus, this exemption does not cause any immediate revenue loss. While school districts and local governments in Ottawa County may lose potential revenue as a result of this exemption, without the exemption the corporation is likely to continue to store its tangible property outside of the state.

MISCELLANEOUS TAX CHANGES

COUNTY MOTOR VEHICLE LICENSE TAX

Am. Sub. H.B. 94 enacted section 4504.051 of the Ohio Revised Code, permitting an alteration in the distribution of the county motor vehicle license tax revenues authorized by section 4504.16 of the ORC.

The latter section permits boards of county commissioners to impose a $5 license tax on vehicles registered within the county but outside of a municipality that imposes the license tax authorized under section 4504.171 of the ORC. Prior to passage of H.B. 94, and by default after the bill's passage, 70 percent of the revenues from any tax levied under ORC 4504.16 on a vehicle registered outside of an incorporated area would be distributed to the county and 30 percent of the revenues would be distributed to the township in which the vehicle was registered. H.B. 94 permits county boards of commissioners to increase a township's allocation at the request of that township's board of trustees. It also permits a county board of commissioners to alter the allocation of revenues from this tax, subject to the consent of the board of trustees of any affected townships.

Lodging Tax Penalty and Lodging Taxes for Hotels with Less Than Five Rooms

Am. Sub. H.B. 94 grants local governments (counties, municipal corporations, and townships) permissive authority to extend their lodging taxes to establishments with less than five rooms. Small inns or "bed and breakfast" businesses that had less than five sleeping rooms available to transient guests were previously exempt from permissive local government lodging taxes. The budget bill removes this exemption and thus potentially expands the "bed" tax base. The regulations would have to be voted on by the legislative authority of the county, municipality, or township. This permissive provision has the potential to create additional revenue for local governments. Local government revenues accruing from expanding the bed tax base will depend on the willingness of authorities to inventory lodging units and enforce lodging taxes.

This bill also limits the penalty and interest that counties, townships, and municipal corporations may charge for late or unpaid lodging taxes. The maximum penalty is 10 percent of the amount due, and the rate at which interest accrues will not exceed the "federal short-term rate" (as determined by the Tax Commissioner) plus 3 percent.

Local Calls Made from Coin-Operated Telephones and Paid with Coin

Am. Sub. H.B. 94 exempts from the sales tax local telephone calls made from coin-operated telephone and paid with coin. Long distance phone calls paid with coin will remain taxable. LSC's estimates of the revenue impact are based on extrapolation from data from Ohio's Economic Census of 1997 and data from the Federal Communications Commission (FCC). The number of payphones in Ohio has been decreasing steadily and business receipts have also declined due to competition mainly from cellular phones. FCC's Annual Telecommunications Industry Revenue Report for 1999 reported that payphone coin revenues were $1.66 billion in 1999. Using Ohio's share of payphones (3.8 percent), Ohio's payphones coin revenues were approximately $62.4 million in 1999. These revenues have been decreasing at an annual rate of 10 percent. Thus, 2001 payphones revenues would be about $50.5 million. Local calls generate about half of payphone coin revenues or $25.3 million in sales. State sales tax on these sales would be $1.3 million. GRF revenues loss from this tax exemption would thus be $1.2 million.