

LSC Greenbook

Analysis of the Enacted Budget

Development Services Agency

Tom Middleton, Budget Analyst
Legislative Service Commission

August 2015

TABLE OF CONTENTS

OVERVIEW	1
Appropriation Overview	1
Budget by Fund Group	1
Budget by Appropriation Category	2
H.B. 64 Highlights	3
New Grant and Loan Programs Established	3
Requirement for DSA to Auction Electricity Service for Percentage of Income Payment Plan Customers.....	6
Modifications to Job Creation and Job Retention Tax Credits.....	7
Creation of Housing Trust Reserve Fund.....	9
Fund Abolishments	9
Governor's Veto – Montgomery County Workforce Study Committee	10
ANALYSIS OF ENACTED BUDGET	11
Introduction	11
Category 1: Housing and Community Development	14
Low-Income Subsidies	15
Support of Electricity Costs (195659, 195611, 195614, and 195670).....	15
Community Services Block Grant (195612).....	17
Local Community Assistance	18
Local Government Innovation (195640)	18
Local Government Safety Capital Grant Program (195666)	18
Community Development Block Grant (195613)	19
Appalachia Assistance (195455).....	20
Brownfield Redevelopment (195671).....	20
Earmarks for Specific Community Projects (195540, 195542, 195678, 195547, and 195549).....	20
Housing Programs	21
Low- and Moderate-Income Housing Trust Fund (195638)	21
HOME Program (195601).....	22
Housing Assistance Programs (195603).....	22
Community Development Administration	22
Operating Costs of the Office of Redevelopment (195426, 195663, 195635, and 195645).....	22
CDBG Operating Match (195497)	23
Utility Community Assistance (195699)	23

Category 2: Technology and Innovation	24
State Subsidies	24
Third Frontier Research and Development Grants and Loans (195687 and 195692).....	24
Third Frontier Internship Program (195617).....	25
Technology Programs and Grants (195453)	26
Federal Allocations	26
Manufacturing Extension Partnership (195672)	26
Technology Targeted Investment Program (195661)	27
Technology Administration	27
Third Frontier Operating Costs (195686, 195620, and 195453)	27
Category 3: Business Development	28
Facilities Establishment Fund Group Loans	29
Facilities Establishment (195615)	29
Innovation Ohio (195664).....	30
Research and Development (195665)	30
Subsidies for Minority and Disadvantaged Businesses	30
Small Business Capital Access and Collateral Enhancement Program (195626)	30
Capital Access Loan Program (195628).....	31
Minority Business Enterprise Loan (195646).....	31
Lakes in Economic Distress Revolving Loan Program (195546)	31
Advancement and Administration of Business Development	32
U.S. Small Business Administration Funding (195609, 195681, 195675, and 195696).....	32
Business Assistance (195454).....	32
Business Development Services (195415)	33
Business Assistance Programs (195649).....	33
Minority Business Development (195405).....	33
Job Ready Site Development Operating (195688)	33
SiteOhio Administration (195644)	34
Minority Business Bonding Program Administration (195624)	34
State Special Projects (195639).....	34
Category 4: Energy Development	35
Advanced Energy Loan Programs (195660).....	35
Federal Energy Funding (195610 and 195618)	36
Alternative Fuel Transportation (195679).....	36
Coal Research and Development Program (195402).....	36
Volume Cap Administration (195654)	37
Category 5: Workforce Development	38
Incumbent Workforce Training Vouchers (195662)	38
Defense Development Assistance (195622)	39

Career Exploration Internship (195616).....	39
Workforce Development Initiatives (195643)	39
Governor's Veto – Dayton Regional Workforce Network (195544).....	39
Category 6: Tourism Promotion and Marketing	40
TourismOhio Administration (195683).....	40
Travel and Tourism (195407).....	41
Ohio-Israel Agricultural Initiative (195537)	41
Travel and Tourism Cooperative Projects (195690)	41
International Trade Cooperative Projects (195691)	41
Category 7: Debt Service.....	42
Third Frontier Research & Development General Obligation	
Bond Debt Service (195905).....	42
Job Ready Site Development General Obligation Bond Debt Service (195912)	42
Coal Research & Development General Obligation Bond Debt Service (195901)	42
Category 8: Administration.....	43
Development Services Operations (195684).....	43
Development Services Reimbursable Expenditures (195636)	43

ATTACHMENT:

Budget Spreadsheet By Line Item

Development Services Agency

- Total biennial appropriations of around \$2.49 billion to DSA
- Funding of \$1.24 billion for programs supporting Ohio's low-income population
- Third Frontier Program receives almost \$326 million for technology and R&D projects

OVERVIEW

The Development Services Agency (DSA) administers a wide variety of programs to promote economic and community development in Ohio, with the goal of facilitating business growth, creating and retaining jobs, and providing community and housing services to low- and moderate-income households. In doing so, the Agency uses a combination of state and federal funds, tax incentives, and collaborations with various state agencies and other entities. The principal collaborator of late is the nonprofit JobsOhio, created in 2011 to largely assume the business expansion and attraction responsibilities on behalf of the state. Consequently, over the last few years, DSA has been restructured internally to adjust its economic development duties. The Agency is now organized into three program divisions and an operations division.

The Community Services Division is comprised of four offices supporting community development and assistance, specifically targeting low-income people in Ohio, as well as environmental revitalization and energy development programs. The Business Services Division is made up of six offices, delivering an array of business assistance functions, such as the administration of state economic development subsidies, which involve the award of loans, grants, and tax credits to businesses, in conjunction with JobsOhio. Other services provided by the Division include technology investment, small business development, export assistance, promotion of tourism and filmmaking in Ohio, and supervision of six regional DSA offices in Akron, Cincinnati, Cleveland, Dayton, Marietta, and Toledo. There is also a Minority Business Division that provides small, minority, and disadvantaged businesses access to state financial assistance programs and technical assistance. The Operations Division houses the Agency's finance, IT, legal services, loan servicing, and communications functions.

Appropriation Overview

Budget by Fund Group

The table below presents H.B. 64 funding for DSA by fund group. Overall, the Agency receives funding of \$1.24 billion in FY 2016 and \$1.25 billion in FY 2017 under the main operating budget. Note that there is a considerable increase in funding within the Bond Research and Development Fund Group between FY 2015 and FY 2016. Much of this apparent increase, however, is explained by the timing of technology innovation

awards under the Third Frontier Program. For example, the combined appropriations for programs supported by this funding source totaled \$132 million in FY 2015, while actual expenditures amounted to just under half of that amount, or \$65.4 million. Another substantial increase in appropriations occurs under the Facilities Establishment Fund Group. This is because DSA anticipates issuing more loans to businesses for relocation or expansion projects in the upcoming biennium. There are also increases in GRF funding. In FY 2016, GRF appropriations increase for two reasons: (1) earmarks for specific community projects, and (2) additional debt service payments on bonds that support coal research and development. In FY 2017, the increase in GRF funding is attributable to higher debt service payments on bonds that support the Third Frontier Program.

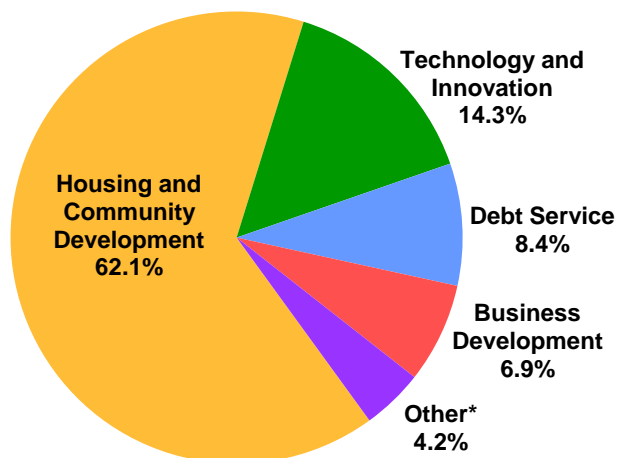
H.B. 64 Budget by Fund Group, FY 2016-FY 2017					
Fund Group	FY 2015*	FY 2016	% change, FY 2015-FY 2016	FY 2017	% change, FY 2016-FY 2017
Dedicated Purpose	\$542,867,270	\$492,650,071	-9.3%	\$492,500,071	0.0%
Federal	\$353,736,601	\$378,372,084	7.0%	\$377,872,084	-0.1%
Bond Research and Development	\$65,368,997	\$165,393,951	153.0%	\$160,393,951	-3.0%
General Revenue	\$124,726,295	\$135,654,369	8.8%	\$147,624,169	8.8%
Facilities Establishment	\$42,383,279	\$58,000,000	36.9%	\$58,000,000	0.0%
Internal Service Activity	\$9,838,502	\$11,500,000	16.9%	\$11,500,000	0.0%
Capital Projects	\$723,576	\$900,000	24.4%	\$900,000	0.0%
TOTAL	\$1,139,644,521	\$1,242,470,475	9.0%	\$1,248,790,275	0.5%

*FY 2015 amounts reflect actual expenditures from the fund groups.

Budget by Appropriation Category

In this Greenbook, LSC analyzes H.B. 64 funding for DSA according to eight categories of spending: (1) Housing and Community Development, (2) Technology and Innovation, (3) Business Development, (4) Energy Development, (5) Workforce Development, (6) Tourism Promotion and Marketing, (7) Debt Service, and (8) Administration. The chart below shows how the FY 2016-FY 2017 budget is allocated among these categories.

H.B. 64 Budget by Appropriation Category, FY 2016-FY 2017



*"Other" includes Energy Development, Workforce Development, Administration, and Tourism Promotion and Marketing.

Funding in the category of **Housing and Community Development** comprises the majority of the biennial appropriations with \$1.61 billion for the two-year period, 62.1% of the overall amount, of which \$702 million, or 43.5% of the category, comes from the federal government. Spending in the area of **Technology and Innovation** makes up the next highest category of the budget, receiving \$371.2 million, or 14.3%, of total appropriations under H.B. 64, including over \$325.8 million to finance the Third Frontier Program. **Debt Service** accounts for \$217.7 million of DSA's FY 2016-FY 2017 budget, to pay off General Obligation (G.O.) bonds that were issued to support two programs that are still ongoing – the Third Frontier Program and the Coal Research and Development Program – as well as the now-defunct Job Ready Site Program.

Of the \$178.3 million allocated to **Business Development** for the biennium, \$116 million (65%) is funded through the Facilities Establishment Fund Group. This fund group is principally used to provide loans to manufacturing and technology-oriented businesses to assist in business relocation or expansion projects involving the purchase of real estate or the acquisition of other capital assets. The 4.2% remaining in DSA's budget is divided as follows: 1.5% (\$39.1 million) for **Energy Development**, 1% (\$25.5 million) to **Workforce Development**, and around 0.9% for each of **Tourism Promotion and Marketing** (\$22.2 million) and **Administration** (\$23 million).

H.B. 64 Highlights

New Grant and Loan Programs Established

H.B. 64 creates three new grant and loan programs to be administered by DSA for the FY 2016-FY 2017 biennium. These programs are described in more detail below.

Local Government Safety Capital Grant Program

H.B. 64 establishes the Local Government Safety Capital Grant Program to award grants to political subdivisions for the purchase of vehicles, equipment, facilities, or systems needed to enhance public safety. The Local Government Innovation Council, housed within DSA, will make these grant awards. To fund the program, the bill creates the Local Government Safety Capital Fund (Fund 5RD0) and capitalizes the fund with \$20 million cash transferred into it from the FY 2015 GRF ending balance. The program is funded at \$10 million in each fiscal year through Fund 5RD0 appropriation item 195666, Local Government Safety Capital Grant Program.

Other program guidelines will be developed by DSA and the Local Government Innovation Council. The Council may implement this program consistent with the application procedure for the ongoing Local Government Innovation Program and Local Government Efficiency Program, each of which the Council will continue to manage in the FY 2016-FY 2017 biennium. Under these two ongoing programs, political subdivisions may apply to the Council on a quarterly basis for program assistance, with awards made on a quarterly basis as well. Awards under the bill for the new Local Government Safety Capital Grant Program are capped at \$100,000 per political subdivision; however, the bill includes an earmark of \$500,000 from appropriation item 195666, in FY 2016 for Jefferson Township in Clinton County to build a new firehouse.

Abandoned Gas Station Cleanup Grant Program

The bill creates the Abandoned Gas Station Cleanup Grant Program with funding of \$20 million to cover cleanup and remediation costs associated with underground storage tanks (USTs) at eligible sites across the state. The abandoned gas stations must be classified as Class C release sites where the person responsible is no longer around or is financially unable to undertake the required remediation of the site. Grants under the new program may either be awarded to a local government or another entity that has entered into an agreement with a local government pertaining to the property. Grants may be up to \$100,000 for a property assessment, or up to \$500,000 for actual cleanup and remediation.

The funding is in the form of a capital appropriation of \$20 million under a new capital line item C19507, Service Station Cleanup, and a new fund, the Service Station Cleanup Fund (Fund 7100). The program is capitalized through a transfer of \$20 million from the Clean Ohio Revitalization Fund (Fund 7003). This \$20 million figure was identified by DSA as the amount of cash in Fund 7003 that was initially awarded in brownfield grants under the Clean Ohio Revitalization Program, but that ultimately went unspent. Since the Abandoned Gas Station Cleanup Grant Program would use capital money, funding for the initiative is not reflected in the operating appropriations for DSA under H.B. 64. Rather, the funding is appropriated by amending Section 235.10

of H.B. 497 of the 130th General Assembly, the capital budget bill for the FY 2015-FY 2016 biennium.

Relatedly, the Bureau of Underground Storage Tanks (BUSTR), within the State Fire Marshal's Office under the Department of Commerce, also has a role in this type of site remediation. BUSTR regulates the 3,975 owners of approximately 22,600 registered USTs across the state. For Class C release sites, the Bureau must approve the designations that the responsible person is not capable of performing the cleanup work, so that political subdivisions and community improvement corporations can then take the lead in performing the remediation. Through November 2014, BUSTR had approved Class C designations for 621 UST sites.

Additionally, BUSTR began accepting applications for the UST Revolving Loan Fund Program in FY 2015. The revolving loan program is designed to assist political subdivisions wishing to remediate Class C sites. The loans are interest free and may last up to ten years. Applications for the first round of funding were due at the end of December 2014. H.B. 64 includes appropriations of \$1.5 million in each of FY 2016 and FY 2017 under the Department of Commerce's budget for additional loans under the program, which would be used for similar purposes as the DSA grants that are authorized in H.B. 64 under the Abandoned Gas Station Cleanup Grant Program.

Lakes in Economic Distress Revolving Loan Program

H.B. 64 establishes the Lakes in Economic Distress Revolving Loan Program under DSA to assist businesses or other entities that are adversely affected because of economic circumstances that result in the declaration of a lake as an area under economic distress. Under this program, the Department of Natural Resources (DNR) must declare a lake as an area under economic distress based solely on environmental or safety issues, including the closure of a dam for safety reasons. Once this occurs, businesses or other entities are eligible for zero-interest loans. Once DNR lifts this declaration, the loans may continue, but at an interest rate that does not exceed two points less than the prime rate.

To fund the program, H.B. 64 creates the Lakes in Economic Distress Revolving Loan Fund (Fund 5RQ0). Funding for the program will be seeded by a transfer of \$500,000 from the GRF. In addition to this loan program, the DSA budget provides another \$250,000 in grant funding in FY 2016 that is earmarked under GRF line item 195407, Travel and Tourism. DSA is to use this GRF funding to award grants to businesses and other entities within DNR-specified areas near lakes under economic distress.

Requirement for DSA to Auction Electricity Service for Percentage of Income Payment Plan Customers

Background

Under current law, the Percentage of Income Payment Plan (PIPP) Program allows low-income electricity customers to pay a percentage of their household income rather than the actual cost of their residential electricity service that they would otherwise be billed for, with the remainder of these customers' electric bills paid for using state funding. Individuals at or below 150% of the federal poverty line are eligible for this assistance. The program is funded by two revenue sources. Primarily, the revenue comes from the Universal Service Rider, which is charged to retail electric distribution service customers. The rider amount varies by electricity provider, is primarily based on the projected costs of the program for the company over the next year, and is approved annually by the Public Utilities Commission of Ohio (PUCO). The second funding source of the Universal Service Fund (Fund 5M40) is the payments made by PIPP customers each month, in lieu of their full electric bill. Both types of revenue are deposited into Fund 5M40 to be used by DSA to make payments to electric companies to cover the amount billed each month to PIPP customers. The Universal Service Fund payments to electric companies are made through line item 195659, Low Income Energy Assistance (USF).

PIPP Program expenditures have historically varied widely from one year to another depending on various factors, including the number of eligible households enrolled in the program, the cost of electricity, and weather conditions that cause fluctuations in customers' use of electricity, particularly in the winter and summer months. According to DSA, the total enrollment in PIPP increased from 419,837 in FY 2014 to 513,017 in FY 2015. Over the last five complete fiscal years, expenditures from the Universal Service Fund ranged from a low of \$292.5 million in FY 2012 to a high of \$421.7 million in FY 2015.

Current law allows DSA to elect to aggregate PIPP customers and hold an auction to select a company to provide electric service to these customers if this process would result in providing retail electric generation service at the lowest and best value to PIPP customers. By rule, DSA is required to periodically review economic conditions to determine whether aggregating PIPP customers and obtaining electricity service for them by an auction process is feasible. Thus far, DSA has not held an auction to successfully pool the PIPP customers.

Changes under H.B. 64

The main operating budget bill changes the law to *require* DSA to aggregate PIPP customers and to hold an auction for the supply of electricity to these customers. The bill further specifies that the auction shall be held until a winning bid is selected, and alters DSA bidder eligibility guidelines. The bill specifically requires three criteria to be met in

selecting the winning bid: (1) a design to provide reliable competitive retail electric service to PIPP customers, (2) a reduction in the cost of the PIPP Program, and (3) the best value for people who do not participate in PIPP and thereby pay the Universal Service Rider within their electric bill payments. H.B. 64 requires PUCO to design, manage, and supervise the competitive procurement process, upon the request of DSA, and requires DSA to reimburse PUCO for costs incurred in performing these duties.

It is not currently known how long the auction process might take to establish and implement. Nevertheless, in all likelihood the bill would likely result in a decrease in payments from Fund 5M40 to the company that had the winning bid for providing electricity to customers enrolled in the PIPP Program. The savings would depend on the criteria governing the auction process and other prevailing economic conditions. And, as noted above, the payments to electric companies via the PIPP Program can fluctuate greatly depending on weather and other economic conditions, such as program enrollment and the price of electricity.

Additionally, the bill removes the requirement that any savings in PIPP Program costs that might result from the auction process be reinvested in energy efficiency and weatherization programs. Consequently, any savings realized through the auction, if there are any, will lead to a greater cash balance in Fund 5M40. Ultimately, the Universal Service Rider may be decreased, depending on costs of the electric company that had the winning auction bid in continuing the program, and subject to a rate approval by PUCO.

Finally, H.B. 64 requires the Public Benefits Advisory Board (a board already established under current law) to submit a report to certain members of the General Assembly, the Governor, the Director of Development Services, the Chairperson of PUCO, the Ohio Consumers' Counsel, and the Board members by December 15, 2015, which studies and makes recommendations on funding for the PIPP Program and other similar programs.

Modifications to Job Creation and Job Retention Tax Credits

H.B. 64 makes several changes to the Job Creation Tax Credits (JCTCs) and Job Retention Tax Credits (JRTCs).

H.B. 64 eliminates the requirement that the Director of Budget and Management, the Tax Commissioner, and, in the case of an insurance company, the Superintendent of Insurance make recommendations with respect to applications for JRTCs and data center sales tax exemptions. The budget act also eliminates the requirement that these officials' review of the applications take account of the affected political subdivisions. Under continuing law, the Director of Budget and Management, the Tax Commissioner, and, in the case of an insurance company, the Superintendent of Insurance are required to review such applications and determine the economic impact of the proposed project on the state. These determinations are submitted to the Tax Credit Authority (TCA) to

assist in its determination of whether to grant the credit or exemption. The bill does not change the duties of the Director of Development Services with respect to JRTC and data center sales tax exemption applications. The Director would still be required to determine the economic impact of the proposed project on both the state and the affected political subdivisions. The Director also would continue to submit recommendations on the applications. These provisions have no fiscal impact.

Prior law required both credits to be calculated as a percentage of the taxpayer's Ohio income tax withholdings, which could include nonresidents working in Ohio. H.B. 64 revises the computation of JCTCs so that the amount of the credit is based upon the taxpayer's Ohio employee payroll (rather than income tax withholdings). For details regarding the change in definition, please consult the LSC Bill Analysis for H.B. 64 or the Department of Taxation's Greenbook.

For JCTCs, the amount of the credit would equal an agreed-upon percentage of the taxpayer's Ohio employee payroll, and H.B. 64 removes the 75% cap placed on the JRTC percentage in prior law, such that the percentage is multiplied by the taxpayer's Ohio employee payroll to determine the amount of the credit available to the taxpayer.

For JCTC or JRTC agreements approved after 2014, the budget act authorizes TCA to require the taxpayer to refund all or a portion of a JCTC or JRTC if the taxpayer fails to substantially meet the job creation, payroll, or investment requirements included in the tax credit agreement, or if the taxpayer files for bankruptcy. This provision may increase revenue.

The budget act reduces from 60 to 30 days the amount of time a taxpayer has to submit a copy of a JCTC or JRTC certificate after a request of the Tax Commissioner or the Superintendent of Insurance.

The budget act requires the Director of Development Services to make available to the public an estimate of total revenue foregone as a result of tax incentives approved by the Tax Credit Authority within 30 days after the Authority approves the incentive and authorizes the Director to adopt rules for purposes of implementing the issuance of such estimates.

Finally, H.B. 64 authorizes the Tax Credit Authority, upon mutual agreement of the taxpayer and DSA, to revise JCTC agreements originally approved in 2014 or 2015 to conform with the act's revisions to the credit. The act also requires TCA to amend agreements with eligible taxpayers, i.e., taxpayers that are 100% in compliance with the provisions of their agreements, to account for changes in state income tax rates. The tax credit percentage and any threshold excess income tax revenue (in the case of a JCTC) or income tax revenue (in the case of a JRTC) would be increased by the same percentage that state income tax rates decreased since the agreement's effective date or June 30, 2013, whichever is later. The act clarifies that taxpayers that entered into a JCTC

or JRTC agreement before October 16, 2009, are eligible to request that the agreement be modified to account for decreases in the state income tax rate since tax year 2013.

Modifications to the JRTC and the JCTC in H.B. 64 are likely to reduce revenue from insurance taxes, the financial institutions tax, the commercial activity tax, the personal income tax, and the petroleum activity tax. However, the potential revenue loss is uncertain, as any such reductions would depend on the specific provisions contained in tax credit agreements.

Creation of Housing Trust Reserve Fund

Under current law, portions of county recordation fees are sent to the state for deposit into the Low- and Moderate-Income Housing Trust Fund (Fund 6460). Commonly known as the Housing Trust Fund (HTF), Fund 6460 receives the first \$50 million of this revenue annually, while revenue in excess of the annual cap goes to the GRF. H.B. 64 instead requires that the annual revenue above \$50 million go into the Housing Trust Reserve Fund, established in the bill. However, the bill also prohibits the Reserve Fund from attaining a cash balance of more than \$15 million, and specifies that once the Reserve Fund attains that cash balance, county recordation fee revenue that exceeds \$50 million annually shall be deposited into the GRF. Finally, the bill allows the transfer of cash from the Reserve Fund to the HTF so that Fund 6460 receives the \$50 million cap in that year, such that the amount transferred plus the revenue that the HTF received in that year does not exceed \$50 million.

In summary, creating a Housing Trust Reserve Fund provides fallback funding in the event that Fund 6460 receives less than \$50 million in revenue in any year. The HTF could then continue to provide grant funding allocated annually to local governments, nonprofits, and community development corporations. This provision would decrease revenue to the GRF in future fiscal years in the amount of up to \$15 million, and potentially more if a transfer occurs from the Housing Trust Reserve Fund. Since FY 2010, the deposits into the fund exceeded the \$50 million threshold only once. That was in FY 2013, when state receipts from recordation fees amounted to \$53.7 million, with the excess \$3.7 million deposited into the GRF.

Fund Abolishments

H.B. 64 requires the Office of Budget and Management (OBM) to transfer the cash balance from four funds formerly used by DSA to other active funds under the agency budget. Once the transfers take place, the sending funds are abolished. Based on FY 2015 ending cash balances, these transfers total approximately \$2.6 million, as shown in the table below.

DSA Funds Abolished in H.B. 64		
DSA Fund to Be Abolished	Cash Balance at End of FY 2015	DSA Fund Receiving Cash Balance Transfer
Industrial Sites Improvement Fund (Fund 5AR0)	\$1,600,257	Advanced Energy Fund (Fund 5HJ0)
Rural Development Initiative Program Fund (Fund 5S80)	\$484,970	Facilities Establishment Fund (Fund 7037)
Rural Industrial Park Loan Fund (Fund 4Z60)	\$458,719	Facilities Establishment Fund (Fund 7037)
Motion Picture Tax Credit Program Operating Fund (Fund 5HJ0)	\$23,711	Business Assistance Fund (Fund 4510)
TOTAL	\$2,567,657	

Governor's Veto – Montgomery County Workforce Study Committee

H.B. 64 sought to create the 18-member Montgomery County Workforce Study Committee to study workforce development issues and trends in the Montgomery County Region, including workforce development system options for in-demand jobs and identifying supply and demand of in-demand job areas. The Montgomery County Workforce Study Committee would have been responsible for publishing a report of its findings by the end of FY 2017. As passed by the General Assembly, DSA was to have received GRF appropriations of \$350,000 in each of FY 2016 and FY 2017 to support the Montgomery County Workforce Study Committee. Both the Study Committee and the funding for it were vetoed by the Governor.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of H.B. 64 funding for each appropriation item in DSA's main operating budget. In this analysis, line items are grouped into eight major categories corresponding to the functions they serve. Within each category, a table lists the appropriations to line items in each year of the FY 2016-FY 2017 biennium, followed by a discussion of how the appropriation is expected to be used. The eight categories are as follows:

1. Housing and Community Development;
2. Technology and Innovation;
3. Business Development;
4. Energy Development;
5. Workforce Development;
6. Tourism Promotion and Marketing;
7. Debt Service; and
8. Administration.

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the main operating budget bill.

Categorization of DSA's Appropriation Line Items for Analysis of H.B. 64				
Fund	ALI and Name			Category
General Revenue Fund				
GRF	195402	Coal Research and Development Program		4: Energy Development
GRF	195405	Minority Business Development		3: Business Development
GRF	195407	Travel and Tourism		6: Tourism Promotion and Marketing
GRF	195415	Business Development Services		3: Business Development
GRF	195426	Redevelopment Assistance		1: Housing and Community Development
GRF	195453	Technology Programs and Grants		2: Technology and Innovation
GRF	195454	Business Assistance		3: Business Development
GRF	195455	Appalachia Assistance		1: Housing and Community Development
GRF	195497	CDBG Operating Match		1: Housing and Community Development
GRF	195537	Ohio-Israel Agricultural Initiative		6: Tourism Promotion and Marketing
GRF	195540	Port Authority Assistance		1: Housing and Community Development
GRF	195542	The Wilds		1: Housing and Community Development
GRF	195547	Saint Luke's Manor		1: Housing and Community Development
GRF	195549	Pathway Pilot Project		1: Housing and Community Development

Categorization of DSA's Appropriation Line Items for Analysis of H.B. 64			
Fund	ALI and Name		Category
GRF 195901	Coal Research and Development General Obligation Bond Debt Service		7: Debt Service
GRF 195905	Third Frontier Research & Development General Obligation Bond Debt Service		7: Debt Service
GRF 195912	Job Ready Site Development General Obligation Bond Debt Service		7: Debt Service
Dedicated Purpose Fund Group			
4500 195624	Minority Business Bonding Program Administration		3: Business Development
4510 195649	Business Assistance Programs		3: Business Development
4F20 195639	State Special Projects		3: Business Development
4F20 195699	Utility Community Assistance		1: Housing and Community Development
4W10 195646	Minority Business Enterprise Loan		3: Business Development
5CG0 195679	Alternative Fuel Transportation		4: Energy Development
5HR0 195622	Defense Development Assistance		5: Workforce Development
5HR0 195662	Incumbent Workforce Training Vouchers		5: Workforce Development
5JR0 195635	Redevelopment Program Support		1: Housing and Community Development
5KN0 195640	Local Government Innovation		1: Housing and Community Development
5KP0 195645	Historic Rehab Operating		1: Housing and Community Development
5M40 195659	Low Income Energy Assistance (USF)		1: Housing and Community Development
5M50 195660	Advanced Energy Loan Programs		4: Energy Development
5MH0 195644	SiteOhio Administration		3: Business Development
5MJ0 195683	TourismOhio Administration		6: Tourism Promotion and Marketing
5NS0 195616	Career Exploration Internship		5: Workforce Development
5RD0 195666	Local Government Safety Capital Grant Program		1: Housing and Community Development
5RQ0 195546	Lakes in Economic Distress Revolving Loan Program		3: Business Development
5SA3 195678	Local Public Enhancement		1: Housing and Community Development
5W50 195690	Travel and Tourism Cooperative Projects		6: Tourism Promotion and Marketing
5W60 195691	International Trade Cooperative Projects		6: Tourism Promotion and Marketing
6170 195654	Volume Cap Administration		4: Energy Development
6460 195638	Low- and Moderate-Income Housing Programs		1: Housing and Community Development
M087 195435	Biomedical Research and Technology Transfer		2: Technology and Innovation
Internal Service Activity Fund Group			
1350 195684	Development Services Operations		8: Administration
6850 195636	Development Services Reimbursable Expenditures		8: Administration
Facilities Establishment Fund Group			
5S90 195628	Capital Access Loan Program		3: Business Development
7009 195664	Innovation Ohio		3: Business Development
7010 195665	Research and Development		3: Business Development
7037 195615	Facilities Establishment		3: Business Development

Categorization of DSA's Appropriation Line Items for Analysis of H.B. 64				
Fund	ALI and Name			Category
Bond Research and Development Fund Group				
7011	195617	Third Frontier Internship Program	2:	Technology and Innovation
7011	195686	Third Frontier Tax Exempt – Operating	2:	Technology and Innovation
7011	195687	Third Frontier Research & Development Projects	2:	Technology and Innovation
7014	195620	Third Frontier Taxable – Operating	2:	Technology and Innovation
7014	195692	Research & Development Taxable Bond Projects	2:	Technology and Innovation
Capital Projects Fund Group				
7003	195663	Clean Ohio Revitalization Operating	1:	Housing and Community Development
7012	195688	Job Ready Site Development Operating	3:	Business Development
Federal Fund Group				
3080	195603	Housing Assistance Programs	1:	Housing and Community Development
3080	195609	Small Business Administration Grants	3:	Business Development
3080	195618	Energy Grants	4:	Energy Development
3080	195670	Home Weatherization Program	1:	Housing and Community Development
3080	195671	Brownfield Redevelopment	1:	Housing and Community Development
3080	195672	Manufacturing Extension Partnership	2:	Technology and Innovation
3080	195675	Procurement Technical Assistance	3:	Business Development
3080	195681	SBDC Disability Consulting	3:	Business Development
3080	195696	State Trade and Export Promotion	3:	Business Development
3350	195610	Energy Programs	4:	Energy Development
3AE0	195643	Workforce Development Initiatives	5:	Workforce Development
3FJ0	195626	Small Business Capital Access and Collateral Enhancement Program	3:	Business Development
3FJ0	195661	Technology Targeted Investment Program	2:	Technology and Innovation
3K80	195613	Community Development Block Grant	1:	Housing and Community Development
3K90	195611	Home Energy Assistance Block Grant	1:	Housing and Community Development
3K90	195614	HEAP Weatherization	1:	Housing and Community Development
3L00	195612	Community Services Block Grant	1:	Housing and Community Development
3V10	195601	HOME Program	1:	Housing and Community Development

Category 1: Housing and Community Development

Line items in this category are funded through various state and federal sources to benefit the low-income population, provide housing and homelessness assistance, support local infrastructure, and perform environmental redevelopment activities. Programs in this category are administered by the Community Services Division.

Appropriations for Housing and Community Development				
Fund	ALI and Name		FY 2016	FY 2017
General Revenue Fund				
GRF	195426	Redevelopment Assistance	\$525,000	\$525,000
GRF	195455	Appalachia Assistance	\$5,748,749	\$5,748,749
GRF	195497	CDBG Operating Match	\$1,053,200	\$1,053,200
GRF	195540	Port Authority Assistance	\$2,500,000	\$0
GRF	195542	The Wilds	\$250,000	\$0
GRF	195547	Saint Luke's Manor	\$200,000	\$0
GRF	195549	Pathway Pilot Project	\$86,727	\$86,727
General Revenue Fund Subtotal			\$10,363,676	\$7,413,676
Dedicated Purpose Fund Group				
4F20	195699	Utility Community Assistance	\$500,000	\$500,000
5JR0	195635	Redevelopment Program Support	\$100,000	\$100,000
5KN0	195640	Local Government Innovation	\$11,922,500	\$11,922,500
5KP0	195645	Historic Rehab Operating	\$900,000	\$1,000,000
5M40	195659	Low Income Energy Assistance (USF)	\$370,000,000	\$370,000,000
5RD0	195666	Local Government Safety Capital Grant Program	\$10,000,000	\$10,000,000
5SA3	195678	Local Public Enhancement	\$250,000	\$0
6460	195638	Low- and Moderate-Income Housing Programs	\$53,000,000	\$53,000,000
Dedicated Purpose Fund Group Subtotal			\$446,672,500	\$446,522,500
Capital Projects Fund Group				
7003	195663	Clean Ohio Revitalization Operating	\$600,000	\$600,000
Capital Projects Fund Group Subtotal			\$600,000	\$600,000
Federal Fund Group				
3080	195603	Housing Assistance Programs	\$10,000,000	\$10,000,000
3080	195670	Home Weatherization Program	\$20,000,000	\$20,000,000
3080	195671	Brownfield Redevelopment	\$3,000,000	\$3,000,000
3K80	195613	Community Development Block Grant	\$65,000,000	\$65,000,000
3K90	195611	Home Energy Assistance Block Grant	\$175,000,000	\$175,000,000
3K90	195614	HEAP Weatherization	\$25,000,000	\$25,000,000
3L00	195612	Community Services Block Grant	\$28,000,000	\$28,000,000
3V10	195601	HOME Program	\$25,000,000	\$25,000,000
Federal Fund Group Subtotal			\$351,000,000	\$351,000,000
Total Funding: Housing and Community Development			\$808,636,176	\$805,536,176

For the purpose of this analysis, the funding for these various programs is divided into four subcategories: (1) Low-Income Subsidies, (2) Local Community Assistance, (3) Housing Programs, and (4) Community Development Administration. As The table below shows, of the \$1.61 billion in total funding in these four areas over the FY 2016-FY 2017 biennium, \$1.24 billion (76.6%) is allocated to low-income assistance programs. Programs that support local governments and community projects are slated for \$194.7 million in the next biennium, followed by appropriations of \$176 million for housing and homelessness initiatives. Administrative costs under the Community Services Division are budgeted for about \$7.5 million over the two-year period. Approximately 56.5% (\$912.2 million) of aggregated biennial funding for the category derives from state sources, while the 43.5% remaining (\$702 million) would be funded by revenue received from the federal government.

Housing and Community Development Funding by Subcategory, FY 2016-FY 2017 (in millions)		
Subcategory	Appropriations FY 2016-FY 2017	% of Total
Low-Income Subsidies	\$1,236.0	76.6%
Local Community Assistance	\$194.7	12.1%
Housing Programs	\$176.0	10.9%
Community Development Administration	\$7.5	0.5%
TOTAL	\$1,614.2	100.0%

Low-Income Subsidies

The line items described in this subcategory provide assistance to the state's low-income population either directly to individuals or households, or to local government or nonprofit entities.

Support of Electricity Costs (195659, 195611, 195614, and 195670)

Low-income people may apply to DSA for various forms of energy assistance through the Energy Assistance Programs Application. DSA determines the poverty eligibility and checks against other conditions that must be met to receive each type of assistance, and provides funds according to each respective program's requirements through the following line items.

Low Income Energy Assistance (USF) (195659)

These state funds support the Percentage of Income Payment Plan (PIPP) Program, which allows households at or below 150% of the federal poverty level to pay installments of their electricity bills using a set percentage of their monthly income. DSA uses amounts in the fund to reimburse utility companies for the cost of the energy used by PIPP customers. Appropriations to this line item are \$370 million in each fiscal

year. This line item is primarily funded by the Universal Service Rider on consumers' electric utility bills, which is collected by electric distribution utilities and remitted to DSA's Universal Service Fund (Fund 5M40).

Actual spending from this line item has fluctuated significantly over the years, depending on consumer utilization and electricity costs. Within the past five fiscal years, spending has ranged from a low of around \$292.5 million in FY 2012 to a high of \$421.7 million in FY 2015. The average annual amount of spending over this five-year span has been \$366.2 million. H.B. 64 includes funding of \$370 million for this purpose in each fiscal year. If needed, DSA may seek Controlling Board approval for additional funding in fiscal years when energy costs under the program exceed the amount originally appropriated for this purpose.

H.B. 64 Provision – Requirement to Auction Electricity Service for PIPP Customers

H.B. 64 requires DSA to establish an auction process to obtain electricity services for PIPP customers. In all likelihood, the bill would likely result in a decrease in payments from Fund 5M40 to the company that had the winning bid for providing electricity to customers enrolled in the PIPP Program. The savings would depend on the criteria governing the auction process and other prevailing economic conditions. And, as noted above, the payments to electric companies via the PIPP Program can fluctuate greatly depending on weather and other economic conditions, such as program enrollment and the price of electricity.

Home Energy Assistance Block Grant (195611)

The budget includes funding of \$175 million in each fiscal year for this line item. These funds are provided from the U.S. Department of Health and Human Services (HHS) for the Home Energy Assistance Program (HEAP). The program provides home heating assistance to households at or below 175% of the federal poverty level. This line item also includes funding for (1) the Emergency HEAP (E-HEAP) Program for households that are in imminent danger of being disconnected during the winter heating season, and (2) the Summer Crisis Program for summer cooling assistance to HEAP-eligible households that include persons over age 60 or who can provide proof of a medical necessity.

DSA stated that the total enrollment for HEAP increased from 386,790 households in FY 2014 to 398,980 households in FY 2015. Accordingly, program costs rose from \$172.3 million in FY 2014 to \$200.2 million in FY 2015. Like the PIPP Program, HEAP expenditures are largely dependent on customer eligibility and seasonal fluctuations in the weather.

HEAP Weatherization (195614)

This line item receives appropriations of \$25 million in each fiscal year under H.B. 64. The funding for this line item consists of 15% of the HEAP block grant funds received from HHS, used to fund home weatherization projects for low-income households eligible for HEAP. This funding is used in conjunction with federal money appropriated under line item 195670, Home Weatherization Program.

Home Weatherization Program (195670)

These federal funds support the Home Weatherization Assistance Program (HWAP), which assists low-income households with installing energy-efficient weatherization measures that reduce energy costs and emissions and prevent utility disconnections. Qualified households include those with incomes at or below 150% of the federal poverty level, those that participate in the PIPP Program, and households that receive Supplemental Security Income. The state allocates these federal weatherization funds from the U.S. Department of Energy to local community action agencies, which then contract with weatherization specialists to conduct energy audits and provide upgrades under the program. The FY 2016-FY 2017 appropriations for this line item include \$20 million in both fiscal years for regular weatherization funding from the Department of Energy.

Community Services Block Grant (195612)

Federal funding of \$28 million in each fiscal year under H.B. 64 is slated for the Community Services Block Grant (CSBG) Program. These funds are awarded to the state by HHS according to a federal formula and are subsequently allocated to local community action agencies, which provide a variety of anti-poverty services for low-income individuals and households. These may include HEAP and HWAP services, low-income tax preparation assistance, transportation services for the elderly and disabled, food pantries, employment services, youth services, housing services, and various other eligible activities.

H.B. 64 Provision – Distribution of CSBG Funding

The bill amends section 122.68 of the Revised Code to decrease the minimum percentage of funds that must be distributed to community action agencies under the CSBG Program from 95% of funding to 91%. Additionally, the bill requires at least 4.5% of CSBG funds to go to one or more nonprofit organizations that train and provide technical assistance to community action agencies. According to DSA, this change codifies the way DSA has allocated CSBG funding in prior fiscal years.

Local Community Assistance

Local Government Innovation (195640)

This line item is used by the Local Government Innovation Council to award grants and loans to political subdivisions under two discreet programs: the Local Government Innovation Program and Local Government Efficiency Program. Innovation Program grants and loans were first awarded in FY 2012, while Efficiency Program grants were authorized beginning in FY 2014. H.B. 59 of the 130th General Assembly, the main operating budget bill for the FY 2014-FY 2015 biennium, capped Efficiency Program assistance under the line item at up to \$4.6 million in FY 2014 and up to \$5.9 million in FY 2015. There is no such cap for FY 2016-FY 2017.

Altogether, H.B. 64 includes funding of around \$11.9 million in each of FY 2016 and FY 2017 for the two programs. H.B. 64 provides for a cash transfer of \$10 million from the FY 2015 GRF ending balance to the Local Government Innovation Fund (Fund 5KN0) to support these appropriations.

Local Government Innovation Program

Innovation Program funding comprises both grants and loans awarded to promote efficiency, shared services, collaboration, and mergers among political subdivisions. Program grants are limited to a maximum of \$50,000 per project, and generally are used to aid the funding of feasibility studies into whether actual projects should be implemented. Loans assist in actual demonstration projects for political subdivisions to share services and enact efficiencies, amounting to up to \$100,000 per political subdivision for each project. For a project involving a group of political subdivisions, the loan maximum is \$500,000, with the amount received per political subdivision not to exceed \$100,000.

Local Government Efficiency Program

The Council announced the first Efficiency Program grant awards in February 2014. Efficiency Program assistance to local governments is meant for two purposes: (1) process improvement grants, for political subdivision officials to learn and use Lean Six Sigma to enact austerity procedures, and (2) scholarships for local government leaders and staff to attend a one-week LeanOhio Boot Camp training course at local colleges and other locations in Ohio. An eligible political subdivision may receive a grant of up to \$100,000 for the process improvement component, while scholarships are a flat \$2,000 per attendee, up to \$24,000 total for the local government entity per funding round.

Local Government Safety Capital Grant Program (195666)

H.B. 64 also requires the Local Government Innovation Council to administer a new Local Government Safety Capital Grant Program and appropriates \$10 million annually for this purpose. Political subdivisions may use the grants to buy vehicles,

equipment, facilities, or systems needed to enhance public safety. The bill creates the Local Government Safety Capital Fund (Fund 5RD0) to support this new grant program, and capitalizes the fund with a cash transfer of \$20 million from the FY 2015 GRF ending balance. Awards under the Local Government Safety Capital Grant Program are capped at \$100,000 per political subdivision under the bill. In addition, the bill includes an earmark of \$500,000 in FY 2016 to be distributed to Jefferson Township in Clinton County for a new firehouse.

Community Development Block Grant (195613)

This line item is used by DSA's Office of Community Development to distribute federal money awarded by the U.S. Department of Housing and Urban Development (HUD) to areas referred to as Non-Entitlement Communities under the Community Development Block Grant (CDBG) Program. Funding for this line item is \$65 million in each of FY 2016 and FY 2017.

Local governments may use this funding for a variety of eligible activities, including development of anti-poverty programs, affordable housing, and other projects. The following table includes brief descriptions of the activities supported by CDBG funds that pass through DSA.

DSA Programs Funded by Line Item 195613, Community Development Block Grant	
Program	Purpose
Community Development Allocation	Awards grants to local governments to improve public facilities, public services, fair housing, and economic development.
Residential Public Infrastructure Grant	Assists with drinking water and sewage system improvements.
Critical Infrastructure	Assists communities with high-priority, single component projects such as roads, flood, and drainage improvements.
Economic Development and Public Infrastructure Assistance	Provides grants to improve infrastructure and loans for fixed asset financing for land, building, machinery, and site preparation directly relating to creating, expanding, or retaining a business in the community.
Neighborhood Revitalization Grant	Grants for public facilities improvements such as construction, reconstruction, and rehabilitation of infrastructure communities in low-income communities.
Downtown Revitalization Grant	Improves central business districts, aids in eliminating blighted structures, and creates jobs.
Microenterprise Business Development	Assists with the development of local microenterprise businesses.
CDBG Discretionary Grant	Provides grants for community development, housing, emergency shelter, and special projects and activities that do not fit within the structure of existing programs.

Aside from the funding that flows to Non-Entitlement Communities through DSA, there are 45 larger urban areas that receive CDBG allocations directly from HUD. Those allocations totaled \$96.6 million in federal fiscal year 2015 (October 2014 through September 2015).

Appalachia Assistance (195455)

GRF funding for this line item is approximately \$5.8 million in each fiscal year and provides economic and community development assistance to the 32 counties in Ohio's Appalachian region. This funding will be used for purposes previously appropriated under two GRF line items: 195501, Appalachian Local Development Districts, and 195535, Appalachia Assistance.

The appropriations will be used for several purposes, among them (1) planning and liaison activities for the Governor's Office of Appalachia, (2) providing financial assistance for projects in Ohio's Appalachian counties, (3) paying dues for memberships in the Appalachian Regional Commission, (4) matching federal funds from the Appalachian Regional Commission, and (5) making annual payments to the four Appalachian local development district offices located in Cambridge, Marietta, Waverly, and Youngstown.

Uncodified law in H.B. 64 requires that programs funded through the line item be identified and recommended by the local development districts and approved by the Governor's Office of Appalachia. The bill also requires DSA to conduct compliance and regulatory review of the programs recommended by the local development districts, and allows moneys allocated under the appropriation item to be used to fund projects including, but not limited to, those designated by the local development districts as community investment and rapid response projects.

A portion of the funding will go to the four Appalachian local development districts. Specifically, the Ohio Valley Regional Development Commission, the Ohio Mid-Eastern Government Association, and the Buckeye Hills – Hocking Valley Regional Development District will each receive \$170,000 per year. The Eastgate Regional Council of Governments will receive \$70,000 per year.

Brownfield Redevelopment (195671)

This line item is administered by the Office of Redevelopment and supports the Brownfield Revolving Loan Program, which provides low-interest loans to private and public entities for demolition, cleanup, and remediation projects on urban brownfield sites. Funds for this purpose are received by DSA through competitive grants from the U.S. Environmental Protection Agency. The allocation to this line item for the Brownfield Revolving Loan Program is \$3 million in each fiscal year.

Earmarks for Specific Community Projects (195540, 195542, 195678, 195547, and 195549)

Port Authority Assistance (195540). The budget provides GRF funding of \$2.5 million in FY 2016 for the Dayton-Montgomery Port Authority to support the Midtown Redevelopment Initiative. This project involves the relocation of the

Montgomery County Fairgrounds from Dayton to Brookville, as well as some residential and commercial space to be developed.

The Wilds (195542). GRF appropriations of \$250,000 in FY 2016 are slated for The Wilds, a nonprofit conservation center in Muskingum County, for the development of a public water connection.

Local Public Enhancement (195678). The Highland County commissioners are to receive \$250,000 in FY 2016 for local public enhancements. Unlike the other earmarked projects mentioned in this section, the funding under appropriation item 195678, Local Public Enhancement, will be from the newly created Local Public Enhancement Fund (Fund 5SA3), and not the GRF. However, the source of funding is a cash transfer of \$250,000 from the FY 2015 GRF ending balance to Fund 5SA3.

Saint Luke's Manor (195547). H.B. 64 provides \$200,000 in FY 2016 under this newly created line item and requires it to be distributed to the nonprofit Cleveland Neighborhood Progress for the completion of the Saint Luke's Manor project. The manor was a hospital, originally built in 1927, that is being converted to affordable housing for seniors.

Pathway Pilot Project (195549). Pathway, a community action agency in Lucas County, is allocated \$86,727 in each of FY 2016 and FY 2017 for a pilot program to connect individuals with sustainable employment opportunities.

Housing Programs

Low- and Moderate-Income Housing Trust Fund (195638)

The budget bill appropriates \$53 million in each fiscal year for this line item, in line with funding to the line item in prior fiscal years. Funded out of what is commonly known as the Housing Trust Fund (HTF), this line item provides state-funded grants and loans to local housing entities for projects mainly serving low- and moderate-income persons, including construction, renovation, and supportive services. Revenue to the HTF (Fund 6460) is primarily derived from county recordation fees. A portion of this fund is allocated in each fiscal year to the Ohio Housing Finance Agency (OHFA) for the Housing Development Assistance Program and associated administrative costs.

Existing law requires amounts up to certain percentages of the HTF to be dedicated to certain housing and community development programs. At least 50% of the fund must be used for grants to local jurisdictions that are ineligible for federal HOME funding. In addition, at least 45% of the annual funding must go to nonprofits in the form of grants or loans. Moreover, the following amounts may be used each year: (1) up to 10% for grants to emergency shelters, (2) up to 5% to community development corporations, (3) at least \$250,000 must be set aside for the Department of Aging's Resident Services Coordinator Program, and (4) at least \$100,000 for training and technical assistance at nonprofit development organizations.

H.B. 64 Provision – Creation of Housing Trust Reserve Fund

The bill creates a Housing Trust Reserve Fund to provide fallback funding in the event that Fund 6460 receives less than \$50 million in revenue in any year. The HTF could then continue to provide grant funding allocated annually to local governments, nonprofits, and community development corporations. This provision would decrease revenue to the GRF in future fiscal years in the amount of up to \$15 million, and potentially more if a transfer occurs from the Housing Trust Reserve Fund. Since FY 2010, the deposits into the fund exceeded the \$50 million threshold only once. That was in FY 2013, when state receipts from recordation fees amounted to \$53.7 million, with the excess \$3.7 million deposited into the GRF.

HOME Program (195601)

This line item receives federal funding of \$25 million in each fiscal year under H.B. 64. HOME Investment Partnership funds are awarded to the state by HUD and subsequently distributed to local communities and housing organizations for housing rehabilitation, tenant-based rental assistance, homebuyer assistance, and housing acquisition and construction. A portion of these funds are allocated to OHFA for programs to assist low-income multifamily housing projects.

Housing Assistance Programs (195603)

This line item receives \$10 million in each fiscal year to use federal funds from HUD for the Housing Opportunities for Persons with AIDS (HOPWA) Program, as well as grants for emergency shelters. The HOPWA Program provides grants for the creation of rental housing, supportive services, housing counseling, and other services for persons with Acquired Immune Deficiency Syndrome (AIDS) or other HIV-related diseases. The McKinney Emergency Solutions Grants Program provides grants to local governments and nonprofit organizations that operate homeless shelters and provide supportive services for the homeless.

Community Development Administration**Operating Costs of the Office of Redevelopment (195426, 195663, 195635, and 195645)**

The line items below fund a majority of the Office of Redevelopment's administrative expenses. However, two other line items, 195688, Job Ready Site Development, and 195644, SiteOhio Administration, also pay operating costs of the Office, but are seen as ultimately benefitting businesses; thus, those appropriation items are outlined in the "**Category 3: Business Development**" portion of the Greenbook.

Clean Ohio Revitalization Program (195426 and 195663)

These two line items support Clean Ohio Revitalization Program operating costs. The program expired at the end of December 2013, when DSA awarded the final round

of Clean Ohio grants for brownfield revitalization projects. While the program has concluded, the Office of Redevelopment is still overseeing many active projects. Appropriation item 195426, Redevelopment Assistance, is funded by the GRF at a level of \$525,000 in each fiscal year of the FY 2016-FY 2017 biennium. Meanwhile, line item 195663, Clean Ohio Revitalization Operating, is appropriated \$600,000 in each fiscal year. The source of funding for this line item is Clean Ohio Revitalization Program fees.

Redevelopment Program Support (195635)

Line item 195635, Redevelopment Program Support, is used by the Office of Redevelopment to oversee other environmental programs on the state level, including the federally funded Brownfield Revolving Loan Program, the Ohio New Market Tax Credit Program, and two Ohio Water Development Authority (OWDA) loan programs. Funding is derived from several sources, including the (1) United States Environmental Protection Agency, (2) Ohio New Market Tax Credit Program fees, (3) OWDA loan program fees, and (4) fund transfers. H.B. 64 provides funding of \$100,000 for the line item in both FY 2016 and FY 2017.

Historic Rehab Operating (195645)

Line item 195645, Historic Rehab Operating, is funded at \$900,000 in FY 2016 and \$1 million in FY 2017. These appropriations are supported by fees collected under the Ohio Historic Preservation Tax Credit Program. Half of the funding is used to cover operating costs of the program in the Office of Redevelopment, while the other half is transferred to the Ohio History Connection on a monthly basis to help cover their expenses in working with DSA on the tax credit program.

CDBG Operating Match (195497)

H.B. 64 funds this line item at about \$1.1 million in both fiscal years of the biennium. Funds in this line item are provided by the GRF and are used to fulfill the required state match for administrative costs of the CDBG Program, with the federal money appropriated under line item 195613, Community Development Block Grant.

Utility Community Assistance (195699)

The budget bill appropriates \$500,000 in each fiscal year for this line item. These funds come from payments from utility companies that are deposited into the State Special Projects Fund (Fund 4F20). Specifically, this line item is used to verify the income and eligibility of federal HEAP applicants, leverage additional federal funds, support projects to assist homeless persons, assist with energy efficiency projects for PIPP customers, and provide training assistance for agencies that administer low-income customer assistance programs.

Category 2: Technology and Innovation

Line items in this category support research, development, commercialization, and other activities in targeted areas of advanced technological systems, processes, and products. The programs are administered by the Office of Technology Investments in the Business Development Division. For the purposes of this analysis, the line items in this category have been divided into three subcategories: State Subsidies, Federal Allocations, and Technology Administration.

Appropriations for Technology and Innovation				
Fund	ALI and Name		FY 2016	FY 2017
General Revenue Fund				
GRF	195453	Technology Programs and Grants	\$14,577,641	\$14,577,641
General Revenue Fund Subtotal			\$14,577,641	\$14,577,641
Dedicated Purpose Fund Group				
M087	195435	Biomedical Research and Technology Transfer	\$500,000	\$500,000
Dedicated Purpose Fund Group Subtotal			\$500,000	\$500,000
Bond Research and Development Fund Group				
7011	195617	Third Frontier Internship Program	\$2,788,755	\$2,788,755
7011	195686	Third Frontier Tax Exempt – Operating	\$1,140,000	\$1,140,000
7011	195687	Third Frontier Research & Development Projects	\$68,904,946	\$63,904,946
7014	195620	Third Frontier Taxable – Operating	\$1,710,000	\$1,710,000
7014	195692	Research & Development Taxable Bond Projects	\$90,850,250	\$90,850,250
Bond Research and Development Fund Group Subtotal			\$165,393,951	\$160,393,951
Federal Fund Group				
3080	195672	Manufacturing Extension Partnership	\$5,359,305	\$5,359,305
3FJO	195661	Technology Targeted Investment Program	\$2,260,953	\$2,260,953
Federal Fund Group Subtotal			\$7,620,258	\$7,620,258
Total Funding: Technology and Innovation			\$188,091,850	\$183,091,850

State Subsidies

Third Frontier Research and Development Grants and Loans (195687 and 195692)

Funding under these line items makes up the grant and loan assistance under the Third Frontier Program, accounting for 84.7% of total biennial appropriations in the category over the FY 2016-FY 2017 period. Both line items are funded by the proceeds of G.O. bonds issued by the Ohio Public Facilities Commission. Line item 195687 is funded by proceeds of nontaxable bonds, while line item 195692 is funded by the proceeds of taxable bonds. Overall, H.B. 64 provides funding of \$159.8 million to the two line items in each fiscal year of the upcoming FY 2016-FY 2017 biennium. This is \$30.6 million (23.7%) more than annual appropriations of \$129.2 million under the Third Frontier

Program in the prior biennium. With this increased funding, the Third Frontier Commission can award additional grants and loans, or award more assistance per eligible project.

Governed under Chapter 184. of the Revised Code, all Third Frontier Program (TFP) research and development projects must be approved by the Third Frontier Commission and receive Controlling Board approval. From year to year, the Commission establishes TFP subprograms to support specific aspects or missions relating to the R&D industry. The purpose of each subprogram varies widely depending on the technology company being assisted and the R&D objective, from supporting technology entrepreneurs during the incubation and product commercialization phases, to subsidizing projects operated by large research institutions and privately owned R&D-affiliated companies.

The funding distribution under the various TFP subprograms differs significantly according to their purposes. Certain subprograms are structured to provide financing assistance for individual projects each assisting in the R&D and commercialization of a single and specific product. In contrast, funding under other subprograms is in the form of large lump sum amounts to other entities, which in turn supports the promotion and expansion of various technology and R&D commitments or projects down the line. During the FY 2014-FY 2015 biennium, for example, the Commission approved two grants for over \$20 million per project under the Technology Commercialization Center Program, but also funded 62 separate grant projects with an average award amount of \$70,000 each under the Technology Validation and Start-up Fund Program.

Third Frontier Internship Program (195617)

New to the FY 2016-FY 2017 biennium, there is a separate appropriation of approximately \$2.8 million per year for the Third Frontier Internship Program. In prior years, the program was funded through line item 195687, Third Frontier Research and Development Projects.

The program aims to develop a pool of talented workers for Ohio technology companies, while also exposing students to the strategies and processes of real world high-tech businesses. Under program guidelines, the state money is used to reimburse organizations in an amount up to 50% of an intern's wages, not to exceed \$3,000 in a 12-month period. Eligible students must be registered and in their second year at a technology or community college, at least a sophomore at a four-year college, or a masters or doctoral candidate enrolled in degree programs with a high-tech curriculum. In FY 2014, the same amount of around \$2.8 million was awarded to eight participating organizations, while in FY 2015, \$649,500 was awarded to three partner organizations.

Technology Programs and Grants (195453)

The budget bill provides appropriations of approximately \$14.6 million in each fiscal year for this GRF line item. The majority of this line item will likely support the Thomas Edison Program, which gives state assistance for a network of Edison Technology Centers and Edison Technology Incubators centered in the state's major metropolitan areas. These centers provide services to technology-based manufacturing companies in the development of business practices that lead to production and commercialization of new technological products and processes.

The remainder of the appropriations will be used for three purposes. The first of these will be to provide state matching funds for the federal Manufacturing Extension Partnership (MEP) Program. The program requires a 2:1 federal to state and local match. Second, up to \$547,000 in each fiscal year may be used from the line item to pay operating costs of the Third Frontier Program. Most TFP administrative costs, however, are supported by bond proceeds through line items 195686 and 195620, as described in the "**Technology Administration**" subcategory below.

Finally, H.B. 64 earmarks \$1 million in each fiscal year from the line item to support small- and mid-sized manufacturers, for the following specific activities: (1) up to \$225,000 per year to assist in accelerating the development and adoption of technology for small- and mid-sized manufacturers, (2) up to \$225,000 per year to help small- and mid-sized manufacturers in adopting emerging digital technologies, (3) up to \$212,500 per year to develop and manage an accessible online inventory of technological resources to support small- and mid-sized manufacturers, and (4) up to \$337,500 to administer the Applied Research Grant Program to award direct cash grant assistance. The bill also establishes the Applied Research Grant Program in uncodified law, requiring that a grant awarded under the program may not exceed the amount matched by the recipient, and requires DSA to determine other eligibility criteria and the allocation of awards in implementing and administering the program.

Federal Allocations

Manufacturing Extension Partnership (195672)

This line item receives federal funds from the U.S. Department of Commerce for the MEP Program, which provides technical assistance programs and services to improve the competitiveness of small- and mid-sized manufacturing firms to accelerate the implementation of new manufacturing technology and work processes. Under the program, these businesses can receive cost-improvement services, such as Lean Six Sigma, human resources and financial planning, and other business counseling services. The appropriation for this line item is \$5.4 million in each fiscal year.

Technology Targeted Investment Program (195661)

H.B. 64 provides appropriations of \$2.3 million in each fiscal year for this line item. The funding comes from the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI) and is meant to encourage lending to small businesses that are active within an existing value chain. The Technology Targeted Investment Program works to offer businesses debt financing tailored to the specific needs of the company at or below market interest rates. These are one-time funds that became available to the state in FY 2013. The program is set to expire after FY 2017.

Technology Administration

Third Frontier Operating Costs (195686, 195620, and 195453)

In addition to the \$547,000 that may be used from GRF line item 195453 in each fiscal year, these line items support the administrative costs of the Office of Technology Investments in managing TFP grant and loan awards. Line item 195686, Third Frontier Tax Exempt – Operating, uses nontaxable bond proceeds to administer awards issued from line item 195687, while line item 195620, Third Frontier Taxable – Operating, uses taxable bond proceeds to administer awards from line item 195692. On a combined basis, approximately \$2.9 million is appropriated to the two line items for these purposes in each fiscal year of the FY 2016-FY 2017 biennium.

For line item 195453, appropriations of \$500,000 in each fiscal year are to be used to administer awards under the Biomedical Research and Technology Transfer Trust Fund (BRTTF) Program, a component of the Third Frontier Program. Previously, BRTTF awards would have been supported by this line item. However, due to the securitization of tobacco settlement funds during the FY 2008-FY 2009 biennium and the disposition of the Tobacco Use Prevention and Control Trust Fund during FY 2010 and FY 2011, the only moneys remaining in the BRTTF are those encumbered from previous years. This line item will continue to be used for supplemental administrative support for awards issued under the Third Frontier Program, including the Biomedical Research Commercialization Program.

Category 3: Business Development

This category of appropriations consists of line items that are used to provide loans to businesses and distribute state financial assistance to local and regional economic development entities to aid in the goal of creating and retaining jobs in Ohio. The private nonprofit JobsOhio has assumed many of the business attraction and retention duties on behalf of the state. Consequently, state funding for programs described in this category has declined accordingly in recent years, especially those that have supported grants to businesses.

Both the Business Services Division and the Minority Business Development Division administer programs funded under the line items in the table below. For this analysis, the line items in this category are separated into three subcategories: Facilities Establishment Fund Group Loans, Subsidies for Minority and Disadvantaged Businesses, and Advancement and Administration of Business Development.

Appropriations for Business Development				
Fund	ALI and Name		FY 2016	FY 2017
General Revenue Fund				
GRF	195405	Minority Business Development	\$1,822,191	\$1,822,191
GRF	195415	Business Development Services	\$2,483,187	\$2,483,187
GRF	195454	Business Assistance	\$3,506,474	\$3,256,474
General Revenue Fund Subtotal			\$7,811,852	\$7,461,852
Dedicated Purpose Fund Group				
4500	195624	Minority Business Bonding Program Administration	\$74,905	\$74,905
4510	195649	Business Assistance Programs	\$5,000,000	\$5,000,000
4F20	195639	State Special Projects	\$102,104	\$102,104
4W10	195646	Minority Business Enterprise Loan	\$4,000,000	\$4,000,000
5MH0	195644	SiteOhio Administration	\$100,000	\$100,000
5RQ0	195546	Lakes in Economic Distress Revolving Loan Program	\$500,000	\$0
Dedicated Purpose Fund Group Subtotal			\$9,777,009	\$9,277,009
Facilities Establishment Fund Group				
5S90	195628	Capital Access Loan Program	\$3,000,000	\$3,000,000
7009	195664	Innovation Ohio	\$10,000,000	\$10,000,000
7010	195665	Research and Development	\$10,000,000	\$10,000,000
7037	195615	Facilities Establishment	\$35,000,000	\$35,000,000
Facilities Establishment Fund Group Subtotal			\$58,000,000	\$58,000,000

Appropriations for Business Development				
Fund		ALI and Name	FY 2016	FY 2017
Capital Projects Fund Group				
7012	195688	Job Ready Site Development Operating	\$300,000	\$300,000
Capital Projects Fund Group Subtotal			\$300,000	\$300,000
Federal Fund Group				
3080	195609	Small Business Administration Grants	\$5,271,381	\$5,271,381
3080	195675	Procurement Technical Assistance	\$1,250,000	\$750,000
3080	195681	SBDC Disability Consulting	\$1,300,000	\$1,300,000
3080	195696	State Trade and Export Promotion	\$486,000	\$486,000
3FJ0	195626	Small Business Capital Access and Collateral Enhancement Program	\$5,644,445	\$5,644,445
Federal Fund Group Subtotal			\$13,951,826	\$13,451,826
Total Funding: Business Development			\$89,840,687	\$88,490,687

Facilities Establishment Fund Group Loans

Now that JobsOhio has established its business attraction and retention programs providing its private grant and loan funding for these purposes, the Facilities Establishment Fund Group is the primary source of state funds remaining for economic development subsidies to businesses. Loans and other assistance provided from the Facilities Establishment Fund Group must be approved by the Controlling Board.

Facilities Establishment (195615)

H.B. 64 provides appropriations of \$35 million in each fiscal year for this line item, supported by the Facilities Establishment Fund (Fund 7037). The fund previously relied on the proceeds of bonds that were backed by liquor profits; however, in FY 2013, JobsOhio began paying the state to cover the obligations on these outstanding bonds as part of the exchange for the state's liquor merchandising franchise.

The line item is mainly used to fund the 166 Direct Loan Program. Under this program, DSA awards loans to businesses for the purchase of machinery and equipment, land and building acquisition, and other capital improvements. The program goes through fluctuations in activity depending on market conditions and the availability of revenue coming from loan repayments. In the FY 2014-FY 2015 biennium, ten 166 Direct Loans totaling around \$25.3 million were approved by the Controlling Board. During the FY 2012-FY 2013 biennium, 57 loans totaling about \$118.5 million were approved.

The line item also guarantees the Ohio Enterprise Bond Fund, which uses the proceeds of special industrial development bonds to provide loans to borrowers that cannot access investment-grade debt. The Controlling Board approved two such loans totaling \$14 million in FY 2014. There were none in FY 2015.

Innovation Ohio (195664)

H.B. 64 includes funding of \$10 million in each fiscal year for this line item, which is used to back the Innovation Ohio Loan Fund Program. Under the program, DSA lends money to businesses in certain targeted industry sectors (advanced materials; instruments, controls, and electronics; power and propulsion; biosciences; and information technology) for acquisition, construction, and technology costs related to research and development, computer software or hardware, commercialization of products and services, and intellectual property costs. Funds are provided through a transfer from the Facilities Establishment Fund (Fund 7037) to the Innovation Ohio Loan Fund (Fund 7009). The Controlling Board approved nine of these loans totaling \$6.7 million in FY 2014, and four loans totaling around \$3.1 million in FY 2015.

Research and Development (195665)

The budget provides funding of \$10 million in each fiscal year for the Research and Development Investment Loan Program, which provides loans to cover eligible costs of research and development projects in order to stimulate employment in technological research. Loans assist businesses in creating research facilities and for the development of new or improved products, processes, or applications of technology. Funds are provided through a transfer from Fund 7037 to the Research and Development Investment Fund (Fund 7010). Like the other loan programs funded by Facilities Establishment Fund dollars, program usage depends on market activity and the availability of funding through loan repayments. The Controlling Board approved two loans for \$1 million each in FY 2014, and in FY 2015, the Controlling Board approved seven loans totaling \$15 million.

Subsidies for Minority and Disadvantaged Businesses**Small Business Capital Access and Collateral Enhancement Program (195626)**

H.B. 64 includes an appropriation of \$5.6 million in each fiscal year for this line item, funded by allocations from the U.S. Treasury for the State Small Business Credit Initiative (SSBCI). This initiative aims to encourage lending to potential small businesses that have difficulty securing loans through conventional underwriting standards. Two programs are provided SSBCI funding under this line item. First, under the Capital Access Loan Program, the state, along with borrowers and financial institutions, creates reserve pools to recover any losses incurred by a financial institution in lending money to businesses that have difficulty obtaining funding through conventional underwriting standards. Second, under the Collateral Enhancement Program, lending institutions receive cash deposits to use as additional collateral for loans made to eligible for-profit small businesses. Note also that line item 195661, discussed in the "**Category 2: Technology and Innovation**" section, funds the Technology Targeted Investment Program component of the SSBCI Program. These

federal SSBCI funds are one-time moneys that became available to the state in FY 2013, and are set to expire after FY 2017.

Capital Access Loan Program (195628)

This line item is appropriated \$3 million in each fiscal year under H.B. 64 in accordance with the statutory cap on the Capital Access Loan Fund (Fund 5S90). This covers the state's portion of the reserve pools described immediately above under line item 195626, and the state funding may not exceed \$3 million in any given fiscal year.

Minority Business Enterprise Loan (195646)

Funding of \$4 million in each fiscal year under H.B. 64 will support the Minority Business Enterprise Loan Program. The line item is used to provide funding for loans processed by the Minority Development Financing Advisory Board to minority-owned and operated businesses that are unable to obtain financing through ordinary channels. The Minority Business Enterprise Loan Fund (Fund 4W10) is supported by principal and interest repayments on loans made through the fund. The bill also allows up to \$2 million to be transferred from the Facilities Establishment Fund to Fund 4W10 in each of FY 2016 and FY 2017. Loans under this program must be approved by the Controlling Board. In the prior biennium, the Controlling Board approved three program loans totaling \$702,820.

Lakes in Economic Distress Revolving Loan Program (195546)

Appropriations of \$500,000 in FY 2016 will support the Lakes in Economic Distress Revolving Loan Program, a financial assistance program created in H.B. 64. The program is intended to help businesses or other entities once a lake area has been designated as an area under economic distress by the Department of Natural Resources based on environmental or safety issues, including the closure of a dam for safety reasons. Subsequently, DNR must also declare a lake as an area *no longer* under economic distress when the environmental or safety issues, as applicable, have been resolved. The bill further specifies that this new program is to be used to provide interest-free loans during the time that an applicable lake has been declared an area under economic distress. Once that designation has been lifted, a business or entity may still qualify for loan funding under the program, but at an interest rate no higher than two points below the prime rate. The loans will be funded by a cash transfer of \$500,000 in FY 2016 from the GRF to be deposited into the Lakes in Economic Distress Revolving Loan Fund (Fund 5RQ0). In addition to this funding for revolving loans, H.B. 64 earmarks \$250,000 in grant funding from GRF line item 195407, Travel and Tourism, to be awarded to businesses and other entities within lake areas that are designated as being under economic distress.

Advancement and Administration of Business Development

U.S. Small Business Administration Funding (195609, 195681, 195675, and 195696)

The following four line items consist of moneys received from the U.S. Small Business Administration (SBA) to aid small businesses in advancing their economic position in the state. This federal money is matched on the state level by GRF line item 195454, Business Assistance.

Small Business Administration Grants (195609). The budget appropriates approximately \$5.3 million to line item 195609 in each fiscal year. This line item provides the main source of federal funding for the Small Business Development Center (SBDC) Program, which offers management counseling, training, and technical assistance to small businesses at around 50 SBDCs throughout the state. The federal moneys require equal matching of funds (\$1 federal:\$1 state plus local), but the state or local match may be in kind.

SBDC Disability Consulting (195681). This line item consists of SBA funding that almost entirely passes through DSA to be used by SBDCs to provide vocational rehabilitative services to individuals with disabilities. The bill includes appropriations of \$1.3 million in each fiscal year.

Procurement Technical Assistance (195675). Line item 195675 is used to help small businesses seeking to compete for federal, state, and local contracts at Procurement Technical Assistance Centers around the state. H.B. 64 provides appropriations of \$1.25 million in FY 2016 and \$750,000 in FY 2017 for this purpose.

State Trade and Export Promotion (195696). These federal funds come to the state as part of the SBA's State Trade and Export Promotion Pilot Program for DSA to utilize in support of small business export promotion efforts. The budget bill appropriates \$486,000 in each year of the FY 2016-FY 2017 biennium, which is planned to entirely go in the form of subsidy assistance to other entities.

Business Assistance (195454)

This line item receives GRF funding of approximately \$3.5 million in FY 2016 and \$3.3 million in FY 2017. These appropriations are to be used for various purposes that aid small and minority businesses, both for operating DSA's Office of Business Assistance, and in support of outside entities. First, this line item provides matching funds to the federally funded SBDC Program reflected in line item 195609. Secondly, grants may go out to support small and minority business development and entrepreneurship. Thirdly, some of the funding is used to promote Ohio globally by assisting manufacturers and service providers in locating and expanding export opportunities, marketing Ohio as a premier business location, attracting direct investment by foreign companies, and organizing Ohio business trips to international markets.

Business Development Services (195415)

This GRF line item receives appropriations of \$2.5 million in each fiscal year to pay for some of the operating costs of the Business Services Division and DSA's regional offices. This funding is 10.8% above FY 2015 spending of \$2.2 million. In DSA's budget request for the FY 2016-FY 2017 biennium, the Agency sought an approximate increase of \$360,000 through the line item budgeted for supplies and maintenance in FY 2016 above FY 2015 spending for these expenses.

Business Assistance Programs (195649)

The line item pays for administrative expenses associated with the Office of Strategic Business Investments. The office manages grant awards, services the various types of loans that DSA provides and awarded in prior years, and oversees the following tax credit programs: Job Creation, Job Retention, InvestOhio, Motion Picture, Ohio Historic Preservation, and Ohio New Market programs. In addition, the office tracks the creation and management of enterprise zones and community reinvestment areas in Ohio's communities. The budget provides appropriations of \$5 million in each of FY 2016 and FY 2017 for this line item. Revenue for these purposes are paid for via loan commitment fees, Facilities Establishment Fund reimbursements, and application fees and penalties collected through tax credit programs.

Minority Business Development (195405)

This line item is used to provide assistance to other minority development entities, but also supports operating costs of the Minority Business Development Division within DSA. Of total GRF funding of \$1.8 million in FY 2016 and \$1.7 million in FY 2017, about \$1.1 million would go to entities outside DSA, primarily the six minority contractor business assistance centers across the state, to promote the use of minority businesses for government contracts. Specifically, the Division's duties include coordinating planning and policy for the Minority Business Advisory Council and engaging in other activities that promote the growth of minority-owned businesses in Ohio, such as a partnership with the Department of Administrative Services to support both the Minority Business Enterprise (MBE) Program and the Encouraging Diversity, Growth, and Equity (EDGE) Program. According to DSA, the network of centers across the state provided technical, procurement, and financial assistance to over 2,065 clients in FY 2013, resulting in contracts totaling almost \$45 million, loans of over \$2.1 million, and the certification of minority credentials to over 370 new businesses. Additionally, H.B. 64 earmarks \$100,000 from the FY 2016 appropriation for DSA to conduct an MBE/EDGE Connectivity Study.

Job Ready Site Development Operating (195688)

The budget includes funding of \$300,000 in each fiscal year for this line item, which covers the administrative expenses for the Job Ready Site Program. This program

expired in FY 2012. (S.B. 181 of the 128th General Assembly appropriated \$30 million as the final round of program grants toward the FY 2011-FY 2012 capital biennium.) The grants went to eligible public or private entities for infrastructure improvements and site development costs in order to attract significant capital investments that lead to job creation. Consequently, the appropriations from this line item are used by DSA to administer the grant awards and perform closeout activities.

SiteOhio Administration (195644)

This line item pays for the administrative costs to DSA for the SiteOhio Certification Program. H.B. 436 of the 129th General Assembly created the program, regarded as the successor to the Job Ready Site Program. Its purpose is to certify and market projects that, upon completion, will be sites meant for commercial, industrial, or manufacturing use. However, no funding source has been determined by DSA to actually assist businesses with the SiteOhio certification costs. As a result, no program application forms have been released by DSA. Once the program gets off the ground, program fee revenue will be deposited into the SiteOhio Administration Fund (Fund 5MH0). The budget bill provides appropriations of \$100,000 in each year of the FY 2016-FY 2017 biennium for these program oversight activities.

Minority Business Bonding Program Administration (195624)

The budget includes funding of almost \$75,000 in each fiscal year for this line item. These funds support the administrative expenses of the Minority Business Bonding Program, which provides bonding assistance to minority businesses that otherwise cannot obtain bonding. The maximum bond amount is \$1 million per company. A premium of up to 2% is charged for each bond issued, and the premiums are deposited into the Minority Business Bonding Fund (Fund 4500) to support this line item. The fund is backed by up to \$10 million in unclaimed funds, money overseen by the Department of Commerce, to pay for any losses arising from the program.

State Special Projects (195639)

This line item receives appropriations of just over \$102,000 in each fiscal year under H.B. 64. Spending under this line item occurs on an ad hoc basis according to need. Revenue to the State Special Projects Fund (Fund 4F20) is derived from various state sources and utility payments deposited into the fund. The only major source of spending from the line item in recent years occurred in FY 2013, when Honda of America received a \$3 million grant to support costs associated with the restoration and resurfacing of an existing high-speed test track at the auto company's Transportation Research Center in East Liberty. DSA was reimbursed for costs under the project by the Ohio Department of Transportation.

Category 4: Energy Development

This category consists of programs that support and attract businesses in the alternative and advanced energy industry, provide incentives for the adoption of alternative and advanced energy technologies, and oversee the State Energy Plan under guidelines from the U.S. Department of Energy. Programs in this category are overseen by DSA's Office of Energy.

Appropriations for Energy Development				
Fund		ALI and Name	FY 2016	FY 2017
General Revenue Fund				
GRF	195402	Coal Research and Development Program	\$234,400	\$234,400
General Revenue Fund Subtotal			\$234,400	\$234,400
Dedicated Purpose Fund Group				
5CG0	195679	Alternative Fuel Transportation	\$3,000,000	\$3,000,000
5M50	195660	Advanced Energy Loan Programs	\$12,000,000	\$12,000,000
6170	195654	Volume Cap Administration	\$32,562	\$32,562
Dedicated Purpose Fund Group Subtotal			\$15,032,562	\$15,032,562
Federal Fund Group				
3080	195618	Energy Grants	\$4,100,000	\$4,100,000
3350	195610	Energy Programs	\$200,000	\$200,000
Federal Fund Group Subtotal			\$4,300,000	\$4,300,000
Total Funding: Energy Development			\$19,566,962	\$19,566,962

Advanced Energy Loan Programs (195660)

Appropriations of \$12 million in each fiscal year will be used to award additional loans under the Energy Loan Fund Program. The loans provide low-cost financing to small businesses, manufacturers, nonprofits, and public entities for improvements that reduce energy usage and associated costs, reduce fossil fuel emissions, and create or retain jobs. Eligible activities include energy retrofits, energy distribution technologies, and renewable energy technologies. Projects must achieve 15% reduction in energy usage, demonstrate economic and environmental impacts, and be included within a long-term energy strategy of the community served.

Through calendar year (CY) 2011, the Advanced Energy Fund (Fund 5M50) functioned as a grant program, under which 660 advanced energy grants totaling \$44.7 million were distributed. Until then, the source of money to provide these grants was a monthly rider collected on utility bills for retail electric service that was deposited into Fund 5M50. That authority expired at the end of CY 2011. Since FY 2012, the program has operated as a revolving loan program, called the Energy Loan Fund Program. According to the loan program guidelines, loans may range from \$250,000 to \$1.25 million.

Federal Energy Funding (195610 and 195618)

These line items are used to provide federal funds to support the State Energy Program (SEP). H.B. 64 provides total appropriations of \$4.3 million between both line items in each fiscal year. Line item 195618 would primarily be used to provide federal funding for the Energy Loan Fund Program, described above. The remaining amounts in each year would be used for outreach, client education, support for public school energy education curricula, public information sharing, and energy conservation workshops for small businesses. Line item 195610 is allocated \$200,000 in each fiscal year, and would be used for the same purposes. The funding source for this line item is the Oil Overcharge Fund (Fund 3350), capitalized by federal funds received pursuant to a U.S. government settlement with oil companies. To utilize the Fund 3350 revenue, the state must demonstrate that the proposed conservation project benefits the class of consumers injured by the oil company's overcharges relating to the case.

Alternative Fuel Transportation (195679)

The main operating budget bill includes \$3 million for this line item in each fiscal year to support the Alternative Fuel Transportation Program. Under the program, grants and loans are awarded to businesses, nonprofit organizations, public school systems, or local governments for the purchase and installation of alternative fuel refueling facilities and for the purchase of alternative fuels, and to cover the costs of fleet conversion to alternative fuel vehicles. The program has seen almost no activity in the prior biennium, with spending from the line item totaling less than \$24,000 in the last two fiscal years. However, the significant increase in funding for the FY 2016-FY 2017 biennium is possible because of additional income from loan repayments deposited into the Alternative Fuel Transportation Fund (Fund 5CG0), totaling about \$3.7 million in the past three fiscal years. This new revenue will allow for more new loans to be awarded under the program.

Coal Research and Development Program (195402)

This line item funds the operating expenses of the Ohio Coal Development Office (OCDO). The budget bill appropriates a total of \$468,800 for OCDO's administrative costs in the next biennium, roughly equivalent to spending for this purpose in the prior biennium. OCDO operates the Coal Research and Development Program, funded by G.O. bonds issued by the Ohio Public Facilities Commission. The GRF funding for debt service on this bond program is discussed later in this Greenbook under "**Category 7: Debt Service.**"

The bond proceeds go to grants for research and development of clean coal technologies, focusing on two areas. Grants under the Ohio Coal Research Consortium are awarded to research institutions to study mechanisms critical to emissions formation and methods of control, or for uses of coal as a feedstock for other processes.

Grants under the Ohio Coal Demonstration and Pilot Program are awarded to utility power producers, clean coal technology developers, research and development firms, and universities for the discovery of new technologies or the demonstration or application of existing technologies that enable the conversion or use of Ohio coal as a fuel or chemical feedstock in an environmentally acceptable manner.

Volume Cap Administration (195654)

The budget bill includes appropriations of \$32,562 in each fiscal year for this line item, which provides for the administrative costs of overseeing the state's allocation of tax-exempt private activity bonding authority under the federally defined limit, or Volume Cap. While administered by the Office of Energy, Volume Cap is also used by other state entities, including OCDO and the Ohio Housing Finance Agency (OHFA), for the issuance of bonds for certain programs.

Background Information on Volume Cap

The Volume Cap applies when the state issues Private Activity Bonds (PABs) on behalf of businesses and private entities. State and local agencies do this to qualify the bonds as municipal bonds, exempting the interest income on those bonds from any of federal, state, or local income taxes. This results in a lower cost of capital for the borrower who finances with these bonds.

Certain types of PABs are selected by the federal government to be exempt from federal income tax, but the Internal Revenue Service places a limit on the volume of these tax-exempt private-use bonds. This limit is known as "Volume Cap" and refers to the ability to issue private use bonds as federally tax-exempt. Each state is given a Volume Cap annually on a per-capita basis, currently \$100 per resident. The total 2015 Volume Cap available to Ohio is around \$1.16 billion, so that no more than this amount of tax-exempt private use bonds can be issued in the state in 2015. Ohio defines five categories of projects eligible for tax-exempt bond financing under Section 122-4-02 of the Ohio Administrative Code:

1. Multifamily housing bonds used by OHFA (lesser of 15% of allocation or \$120 million);
2. Single-family housing bonds also used by OHFA (up to \$300 million);
3. Exempt facilities bonds (lesser of 10% allocation or \$100 million);
4. Qualified small issue bonds for manufacturing companies (lesser of 10% allocation or \$100 million); and
5. Student loan bonds (lesser of 10% of allocation or \$120 million).

Category 5: Workforce Development

Line items in this category fund a variety of activities to assist businesses with developing the workforce through training and job retention activities, as well as support for the Governor's Office of Workforce Transformation, created in February 2012. Activities in this category are administered by DSA's Office of Strategic Business Investments.

Appropriations for Workforce Development				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
5HR0	195622	Defense Development Assistance	\$3,500,000	\$3,500,000
5HR0	195662	Incumbent Workforce Training Vouchers	\$7,500,000	\$7,500,000
5NS0	195616	Career Exploration Internship	\$500,000	\$0
Dedicated Purpose Fund Group Subtotal			\$11,500,000	\$11,000,000
Federal Fund Group				
3AE0	195643	Workforce Development Initiatives	\$1,500,000	\$1,500,000
Federal Fund Group Subtotal			\$1,500,000	\$1,500,000
Total Funding: Workforce Development			\$13,000,000	\$12,500,000

Incumbent Workforce Training Vouchers (195662)

The Incumbent Workforce Training Voucher Program was rolled out in FY 2013 to reimburse Ohio employers' costs to train their existing workers. The initiative was funded by one-time revenue from casino license fees totaling \$50 million. This casino licensing money has also been used by the Board of Regents (BOR), spent through the separate Economic Development Programs Fund (Fund 5JC0). The voucher program is appropriated \$7.5 million in each fiscal year of the FY 2016-FY 2017 biennium under H.B. 64. Once distributed, this will exhaust the funding from the casino license revenue designated for workforce development purposes.

Under this program, employers in certain targeted industries can apply for vouchers of up to \$4,000 per employee, provided the employee is an Ohio resident who earns at least 150% of the federal minimum wage (currently \$10.88). The types of eligible training include credit or noncredit classroom education related to the employee's field of work, computer proficiency, training related to new equipment, or instruction that leads to an industry-recognized certificate. The company must match at least 50% of the training costs, and may receive up to \$250,000 in aggregate per fiscal year. Applications are accepted on a first-come, first-served basis for each program year of funding. According to DSA, vouchers have been fully issued in each year, but businesses are still encouraged to submit additional vouchers to be placed on a waiting list in the event that the issued vouchers go unused.

Defense Development Assistance (195622)

This line item is used for economic development programs and job creation efforts at U.S. Department of Defense (DOD) facilities in Ohio, including working with DOD efficiency initiatives and future base realignment and closure (BRAC) activities, assisting with defense contracting at Ohio companies, and supporting regional training and workforce needs in the defense and aerospace industries. The budget bill provides funding of \$3.5 million in each fiscal year for these activities over the FY 2016-FY 2017 biennium. Uncodified language in H.B. 64 earmarks the entirety of the biennial appropriations for use by Development Projects, Inc., which is the public sector funding arm of the Dayton Development Coalition. Like the Incumbent Workforce Training Voucher Program, this line item is funded by one-time casino license revenue held in Fund 5JC0, and the revenue should be fully spent this biennium.

Career Exploration Internship (195616)

H.B. 64 provides an appropriation of \$500,000 in FY 2016 to fund the Career Exploration Internship Program in that year. The program, created by H.B. 107 of the 130th General Assembly, awards grants to businesses for employing interns meeting specific criteria. Generally, the interns must be high school students. Under H.B. 107, the program was to expire after FY 2017; however, no FY 2017 appropriations are included in H.B. 64. Under the bill, the Career Exploration Internship Fund receives a transfer of \$500,000 from Fund 5JC0, and, as stated above, the funding from this source will be exhausted during the FY 2016-FY 2017 biennium.

Workforce Development Initiatives (195643)

The budget provides appropriations of \$1.5 million in each fiscal year for this line item. These funds are provided through a transfer of federal Workforce Investment Act funds from the Ohio Department of Job and Family Services to support workforce development operating costs of the Office of Strategic Business Investments and the Governor's Office of Workforce Transformation, which seeks to coordinate workforce development goals across various state agencies.

Governor's Veto – Dayton Regional Workforce Network (195544)

H.B. 64 sought to create the Montgomery County Workforce Study Committee to study workforce development issues and trends in the Montgomery County region. The bill specified an 18-person membership to comprise the Study Committee, which would have to publish a report of its findings by the end of FY 2017. DSA received GRF appropriations of \$350,000 in each of FY 2016 and FY 2017 to support the Montgomery County Workforce Study Committee. The Study Committee and the accompanying GRF appropriations were vetoed by the Governor.

Category 6: Tourism Promotion and Marketing

Line items in this category fund the activities of the Office of TourismOhio, which promotes travel and tourism to and within Ohio. The category also includes funding for cooperative projects with Ohio industries in promoting Ohio exports.

Appropriations for Tourism Promotion and Marketing				
Fund	ALI and Name		FY 2016	FY 2017
General Revenue Fund				
GRF	195407	Travel and Tourism	\$1,250,000	\$1,250,000
GRF	195537	Ohio-Israel Agricultural Initiative	\$200,000	\$200,000
General Revenue Fund Subtotal			\$1,450,000	\$1,450,000
Dedicated Purpose Fund Group				
5MJ0	195683	TourismOhio Administration	\$9,000,000	\$10,000,000
5W50	195690	Travel and Tourism Cooperative Projects	\$150,000	\$150,000
5W60	195691	International Trade Cooperative Projects	\$18,000	\$18,000
Dedicated Purpose Fund Group Subtotal			\$9,168,000	\$10,168,000
Total Funding: Tourism Promotion and Marketing			\$10,618,000	\$11,618,000

TourismOhio Administration (195683)

Line item 195683 funds the operations of the Office of TourismOhio to promote the state as a travel and tourism destination. The funds will pay for marketing, advertising, public relations, and the development and publication of tourism materials, payroll, and operating costs of the Office. The budget bill includes appropriations of \$9 million in FY 2016 and \$10 million in FY 2017 for the Office's operations. Funds for these purposes are transferred from the GRF to the Tourism Fund (Fund 5MJ0) annually for the five-year period from FY 2014 to FY 2018.

H.B. 64 Provision – Modification of Annual Calculation of Transfers to Tourism Fund

H.B. 64 slightly modifies how the annual cash transfer is calculated. S.B. 314 of the 129th General Assembly created the Office of TourismOhio under DSA, succeeding the Tourism Division, and established a new funding mechanism to run from FY 2014 to FY 2018 to support tourism promotion. The mechanism is based on the growth in sales tax revenue received from certain tourism-related industries. During this five-year period, up to \$10 million in sales tax proceeds credited to the GRF may be transferred to Fund 5MJ0. The \$10 million cap includes an annual inflation adjustment based on the Consumer Price Index – all urban consumers, Midwest region. The budget bill alters the way the annual adjustment is calculated by multiplying the limit for the preceding year by the sum of one plus the percentage change in the Consumer Price Index figure in the prior year. This fixes an inadvertent double count of the previous year's threshold that would occur under the way the formula was formerly written.

Travel and Tourism (195407)

GRF appropriations of \$1.25 million in each fiscal year would go to two discreet purposes, as earmarked from the line item in uncodified law under H.B. 64: (1) a \$1 million earmark in each fiscal year to be used for grants involved with sporting events as described in section 122.121 of the Revised Code, and (2) a \$250,000 earmark in each fiscal year for grants to businesses and other entities adversely affected when a lake has been declared as an area under economic distress.

Regarding the former earmark, the funding of \$1 million could be utilized as part of a city's bid to attract a major sporting event, or possibly series of events, to the city. Section 122.121 of the Revised Code outlines some incentives that may be utilized by local governments in working with DSA to package a bid together to attract a major sporting event. The other earmark allocates \$250,000 in grant funding each fiscal year to be used by DSA in conjunction with the Lakes in Economic Distress Revolving Loan Program. This revolving loan program, newly established in H.B. 64, is discussed in more detail in the "**Category 3: Business Development**" portion of this Greenbook.

Ohio-Israel Agricultural Initiative (195537)

H.B. 64 provides GRF funding of \$200,000 in each fiscal year to support the Ohio-Israel Agricultural Initiative, which aims to promote trade between Ohio and Israel in the agriculture and processed food sectors, as well as education in topics such as drip irrigation, agritourism, and trade with Israel. The Negev Foundation oversees the initiative, which was established in 2002. The initiative received appropriations of \$150,000 in each year of the FY 2014-FY 2015 biennium.

Travel and Tourism Cooperative Projects (195690)

The budget appropriates \$150,000 in each fiscal year for this line item. This funding provides partnership dollars for the marketing and promotion of travel and tourism within Ohio. The Travel and Tourism Cooperative Projects Fund (Fund 5W50) is capitalized by grants from the private sector or other financial aid from any state or local government. The funding level in H.B. 64 would allow receipts of up to that amount to be spent on special tourism partnership projects.

International Trade Cooperative Projects (195691)

This line item receives funds from outside entities to support international business development opportunities. The appropriations to this line item are \$18,000 in each fiscal year. Money in the International Trade Cooperative Projects Fund (Fund 5W60) includes donations and grants from entities such as trade associations to assist with the operation of DSA's presence in foreign locations, as well as the proceeds of a \$250 fee for businesses to receive export assistance.

Category 7: Debt Service

This category of appropriations provides GRF funding for debt service on three types of G.O. bonds issued by the state. These bonds were issued to support two programs that are still ongoing – the Third Frontier Program and the Coal Research and Development Program – and the defunct Job Ready Site Program.

Appropriations for Debt Service				
Fund		ALI and Name	FY 2016	FY 2017
General Revenue Fund				
GRF	195901	Coal Research & Development General Obligation Bond Debt Service	\$5,991,400	\$5,038,700
GRF	195905	Third Frontier Research & Development General Obligation Bond Debt Service	\$76,591,400	\$96,212,000
GRF	195912	Job Ready Site Development General Obligation Bond Debt Service	\$18,634,000	\$15,235,900
General Revenue Fund Subtotal			\$101,216,800	\$116,486,600
Total Funding: Debt Service			\$101,216,800	\$116,486,600

Third Frontier Research & Development General Obligation Bond Debt Service (195905)

The budget appropriates GRF funding of \$76.6 million in FY 2016 and \$96.2 million in FY 2017 for the repayment of G.O. bonds issued by the Ohio Public Facilities Commission to support grants and loans under the Third Frontier Program grant and loan awards. See "**Category 2: Technology and Innovation**" for a review of the various grant and loan programs overseen by the Third Frontier Commission.

Job Ready Site Development General Obligation Bond Debt Service (195912)

This line item funds debt service payments on the G.O. bonds issued by the Ohio Public Facilities Commission for the Job Ready Site Program. Although the program expired in FY 2012, bonds issued to capitalize the program continue to be paid off. H.B. 64 appropriates approximately \$18.6 million in FY 2016 and \$15.2 million in FY 2017 for debt service payments due on these bonds.

Coal Research & Development General Obligation Bond Debt Service (195901)

The budget bill appropriates around \$6 million in FY 2016 and \$5 million in FY 2017 for debt service on these G.O. bonds. Specifically, these bond proceeds are used to award grants for research and development of clean coal technologies. For a description of these programs overseen by the Ohio Coal Development Office, see "**Category 2: Technology and Innovation.**" The Office uses these bond proceeds to award grants for research and development of clean coal technologies.

Category 8: Administration

This category of funding encompasses the line items that support DSA's central administrative offices, including the Director's office, legal services, communications and marketing, information technology, finance and internal services, and research. Funding for the line items under this category comes from assessments charged against DSA's divisions.

Appropriations for Administration				
Fund		ALI and Name	FY 2016	FY 2017
Internal Service Activity Fund Group				
1350	195684	Development Services Operations	\$10,800,000	\$10,800,000
6850	195636	Development Services Reimbursable Expenditures	\$700,000	\$700,000
Internal Service Activity Fund Group Subtotal			\$11,500,000	\$11,500,000
Total Funding: Administration			\$11,500,000	\$11,500,000

Development Services Operations (195684)

This line item is the primary source of administrative funding for the Agency's central operating activities and is supported by assessments on DSA's various divisions. These amounts are deposited into the Supportive Services Fund (Fund 1350). The funding of approximately \$10.8 million in each fiscal year is to cover payroll, supplies, equipment, and maintenance costs associated with the functions of DSA's executive leadership, legal office, communications and marketing staff, information technology staff, and other central administrative services.

Development Services Reimbursable Expenditures (195636)

This line item receives appropriations of \$700,000 in each fiscal year under H.B. 64. The General Reimbursement Fund (Fund 6850) consists of money collected through assessments. This funding is used to cover reimbursable expenses such as state pool car costs, bulk office supply purchases, travel reimbursements, and registration costs for conferences and events.

DEV.docx/lb

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
Report For Main Operating Appropriations Bill								
					Version: As Enacted			
DEV Development Services Agency								
GRF	195401	Thomas Edison Program	\$ 392,216	\$ 81,500	\$ 0	N/A	\$ 0	N/A
GRF	195402	Coal Research and Development Program	\$ 207,890	\$ 229,277	\$ 234,400	2.23%	\$ 234,400	0.00%
GRF	195405	Minority Business Development	\$ 989,841	\$ 1,923,713	\$ 1,822,191	-5.28%	\$ 1,722,191	-5.49%
GRF	195407	Travel and Tourism	\$ 3,584,141	\$ 59,403	\$ 1,250,000	2,004.25%	\$ 1,250,000	0.00%
GRF	195412	Rapid Outreach Grants	\$ 4,095,310	\$ 1,300,000	\$ 0	N/A	\$ 0	N/A
GRF	195415	Business Development Services	\$ 2,438,180	\$ 2,241,523	\$ 2,483,187	10.78%	\$ 2,483,187	0.00%
GRF	195416	Governor's Office of Appalachia	\$ 987,368	\$ 178,790	\$ 0	N/A	\$ 0	N/A
GRF	195422	Technology Action	\$ 150,000	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	195426	Redevelopment Assistance	\$ 478,426	\$ 702,753	\$ 525,000	-25.29%	\$ 525,000	0.00%
GRF	195432	Global Markets	\$ 309,521	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	195434	Industrial Training Grants	\$ 3,118,168	\$ 675,145	\$ 0	N/A	\$ 0	N/A
GRF	195453	Technology Programs and Grants	\$ 0	\$ 0	\$ 14,577,641	N/A	\$ 14,577,641	0.00%
GRF	195454	Business Assistance	\$ 0	\$ 0	\$ 3,506,474	N/A	\$ 3,256,474	-7.13%
GRF	195455	Appalachia Assistance	\$ 0	\$ 0	\$ 5,748,749	N/A	\$ 5,748,749	0.00%
GRF	195497	CDBG Operating Match	\$ 1,015,000	\$ 1,015,000	\$ 1,053,200	3.76%	\$ 1,053,200	0.00%
GRF	195501	Appalachian Local Development Districts	\$ 405,000	\$ 438,467	\$ 0	-100.00%	\$ 0	N/A
GRF	195532	Technology Programs and Grants	\$ 12,019,493	\$ 11,083,675	\$ 0	-100.00%	\$ 0	N/A
GRF	195533	Business Assistance	\$ 4,392,612	\$ 3,371,966	\$ 0	-100.00%	\$ 0	N/A
GRF	195535	Appalachia Assistance	\$ 3,025,069	\$ 3,022,618	\$ 0	-100.00%	\$ 0	N/A
GRF	195537	Ohio-Israel Agricultural Initiative	\$ 122,554	\$ 166,917	\$ 200,000	19.82%	\$ 200,000	0.00%
GRF	195540	Port Authority Assistance	\$ 0	\$ 0	\$ 2,500,000	N/A	\$ 0	-100.00%
GRF	195542	The Wilds	\$ 0	\$ 0	\$ 250,000	N/A	\$ 0	-100.00%
GRF	195547	Saint Luke's Manor	\$ 0	\$ 0	\$ 200,000	N/A	\$ 0	N/A
GRF	195549	Pathway Pilot Project	\$ 0	\$ 0	\$ 86,727	N/A	\$ 86,727	0.00%
GRF	195901	Coal Research & Development General Obligation Bond Debt Service	\$ 2,831,502	\$ 3,023,512	\$ 5,991,400	98.16%	\$ 5,038,700	-15.90%

Prepared by the Legislative Service Commission

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
DEV Development Services Agency								
GRF	195905	Third Frontier Research & Development General Obligation Bond Debt Service	\$ 61,780,850	\$ 76,406,439	\$ 76,591,400	0.24%	\$ 96,212,000	25.62%
GRF	195912	Job Ready Site Development General Obligation Bond Debt Service	\$ 13,349,132	\$ 18,805,600	\$ 18,634,000	-0.91%	\$ 15,235,900	-18.24%
General Revenue Fund Total			\$ 115,692,270	\$ 124,726,295	\$ 135,654,369	8.76%	\$ 147,624,169	8.82%
4500	195624	Minority Business Bonding Program Administration	\$ 28,555	\$ 8,085	\$ 74,905	826.48%	\$ 74,905	0.00%
4510	195649	Business Assistance Programs	\$ 3,288,992	\$ 3,266,206	\$ 5,000,000	53.08%	\$ 5,000,000	0.00%
4F20	195639	State Special Projects	\$ 0	\$ 0	\$ 102,104	N/A	\$ 102,104	0.00%
4F20	195699	Utility Community Assistance	\$ 2,010,440	\$ 333,285	\$ 500,000	50.02%	\$ 500,000	0.00%
4W10	195646	Minority Business Enterprise Loan	\$ 133,981	\$ 413,543	\$ 4,000,000	867.25%	\$ 4,000,000	0.00%
5AD0	195633	Legacy Projects	\$ 2,973,972	\$ 5,515,424	\$ 0	N/A	\$ 0	N/A
5AD0	195669	Wright Operating Grants	\$ 99,248	\$ 0	\$ 0	N/A	\$ 0	N/A
5AD0	195677	Economic Development Contingency	\$ 2,089,431	\$ 588,421	\$ 0	N/A	\$ 0	N/A
5AR0	195674	Industrial Site Improvements	\$ 300,137	\$ 574,863	\$ 0	N/A	\$ 0	N/A
5CG0	195679	Alternative Fuel Transportation	\$ 22,840	\$ 740	\$ 3,000,000	405,305.41%	\$ 3,000,000	0.00%
5CY0	195682	Lung Cancer and Lung Disease Research	\$ 182,874	\$ 0	\$ 0	N/A	\$ 0	N/A
5HR0	195526	Incumbent Workforce Training Vouchers	\$ 7,479,670	\$ 16,400,869	\$ 0	-100.00%	\$ 0	N/A
5HR0	195622	Defense Development Assistance	\$ 5,115,316	\$ 5,703,695	\$ 3,500,000	-38.64%	\$ 3,500,000	0.00%
5HR0	195662	Incumbent Workforce Training Vouchers	\$ 0	\$ 0	\$ 7,500,000	N/A	\$ 7,500,000	0.00%
5JR0	195635	Redevelopment Program Support	\$ 0	\$ 46,293	\$ 100,000	116.01%	\$ 100,000	0.00%
5KN0	195640	Local Government Innovation	\$ 9,071,416	\$ 16,959,192	\$ 11,922,500	-29.70%	\$ 11,922,500	0.00%
5KP0	195645	Historic Rehab Operating	\$ 414,262	\$ 692,223	\$ 900,000	30.02%	\$ 1,000,000	11.11%
5M40	195659	Low Income Energy Assistance (USF)	\$ 379,476,271	\$ 421,712,695	\$ 370,000,000	-12.26%	\$ 370,000,000	0.00%
5M50	195660	Advanced Energy Loan Programs	\$ 11,483,644	\$ 4,125,992	\$ 12,000,000	190.84%	\$ 12,000,000	0.00%
5MB0	195623	Business Incentive Grants	\$ 305,873	\$ 2,758,948	\$ 0	N/A	\$ 0	N/A
5MB0	195637	Workforce Training Grants	\$ 1,640,000	\$ 1,689,367	\$ 0	N/A	\$ 0	N/A
5MH0	195644	SiteOhio Administration	\$ 0	\$ 0	\$ 100,000	N/A	\$ 100,000	0.00%

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
DEV Development Services Agency								
5MJ0	195683	TourismOhio Administration	\$ 3,114,568	\$ 6,357,434	\$ 9,000,000	41.57%	\$ 10,000,000	11.11%
5MK0	195600	Vacant Facilities Grant	\$0	\$ 9,000	\$ 0	-100.00%	\$ 0	N/A
5NS0	195616	Career Exploration Internship	\$0	\$0	\$ 500,000	N/A	\$ 0	-100.00%
5RD0	195666	Local Government Safety Capital Grant Program	\$0	\$0	\$ 10,000,000	N/A	\$ 10,000,000	0.00%
5RQ0	195546	Lakes in Economic Distress Revolving Loan Program	\$0	\$0	\$ 500,000	N/A	\$ 0	-100.00%
5SA3	195678	Local Public Enhancement	\$0	\$0	\$ 250,000	N/A	\$ 0	-100.00%
5W50	195690	Travel and Tourism Cooperative Projects	\$ 68,970	\$ 4,536	\$ 150,000	3,206.83%	\$ 150,000	0.00%
5W60	195691	International Trade Cooperative Projects	\$0	\$0	\$ 18,000	N/A	\$ 18,000	0.00%
6170	195654	Volume Cap Administration	\$ 13,624	\$ 14,625	\$ 32,562	122.64%	\$ 32,562	0.00%
6460	195638	Low- and Moderate-Income Housing Programs	\$ 49,972,812	\$ 53,265,282	\$ 53,000,000	-0.50%	\$ 53,000,000	0.00%
M087	195435	Biomedical Research and Technology Transfer	\$ 3,505,741	\$ 2,426,554	\$ 500,000	-79.39%	\$ 500,000	0.00%
Dedicated Purpose Fund Group Total			\$ 482,792,638	\$ 542,867,270	\$ 492,650,071	-9.25%	\$ 492,500,071	-0.03%
1350	195684	Development Services Operations	\$ 11,082,354	\$ 9,241,681	\$ 10,800,000	16.86%	\$ 10,800,000	0.00%
6850	195636	Development Services Reimbursable Expenditures	\$ 338,274	\$ 596,821	\$ 700,000	17.29%	\$ 700,000	0.00%
Internal Service Activity Fund Group Total			\$ 11,420,628	\$ 9,838,502	\$ 11,500,000	16.89%	\$ 11,500,000	0.00%
4Z60	195647	Rural Industrial Park Loan	\$0	\$ 458,719	\$0	N/A	\$0	N/A
5S80	195627	Rural Development Initiative	\$0	\$ 484,970	\$ 0	-100.00%	\$ 0	N/A
5S90	195628	Capital Access Loan Program	\$ 1,071,738	\$ 1,245,860	\$ 3,000,000	140.80%	\$ 3,000,000	0.00%
7008	195698	Logistics and Distribution Infrastructure	\$ 17,568,941	\$ 5,263,638	\$0	N/A	\$0	N/A
7009	195664	Innovation Ohio	\$ 8,862,050	\$ 3,119,781	\$ 10,000,000	220.54%	\$ 10,000,000	0.00%
7010	195665	Research and Development	\$ 6,737,665	\$ 2,349,908	\$ 10,000,000	325.55%	\$ 10,000,000	0.00%
7037	195615	Facilities Establishment	\$ 15,916,394	\$ 29,460,404	\$ 35,000,000	18.80%	\$ 35,000,000	0.00%
Facilities Establishment Fund Group Total			\$ 50,156,788	\$ 42,383,279	\$ 58,000,000	36.85%	\$ 58,000,000	0.00%
7011	195617	Third Frontier Internship Program	\$0	\$0	\$ 2,788,755	N/A	\$ 2,788,755	0.00%
7011	195686	Third Frontier Tax Exempt - Operating	\$ 834,618	\$ 879,895	\$ 1,140,000	29.56%	\$ 1,140,000	0.00%

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
DEV Development Services Agency								
7011	195687	Third Frontier Research and Development Projects	\$ 22,977,777	\$ 24,025,381	\$ 68,904,946	186.80%	\$ 63,904,946	-7.26%
7014	195620	Third Frontier Taxable - Operating	\$ 439,199	\$ 661,106	\$ 1,710,000	158.66%	\$ 1,710,000	0.00%
7014	195692	Research and Development Taxable Bond Projects	\$ 34,776,879	\$ 39,802,615	\$ 90,850,250	128.25%	\$ 90,850,250	0.00%
Bond Research and Development Fund Group Total			\$ 59,028,472	\$ 65,368,997	\$ 165,393,951	153.02%	\$ 160,393,951	-3.02%
7003	195663	Clean Ohio Revitalization Operating	\$ 927,077	\$ 547,066	\$ 600,000	9.68%	\$ 600,000	0.00%
7012	195688	Job Ready Site Development Operating	\$ 211,279	\$ 176,511	\$ 300,000	69.96%	\$ 300,000	0.00%
Capital Projects Fund Group Total			\$ 1,138,356	\$ 723,576	\$ 900,000	24.38%	\$ 900,000	0.00%
3080	195602	Appalachian Regional Commission	\$ 69,643	\$ 1,500	\$ 0	N/A	\$ 0	N/A
3080	195603	Housing Assistance Programs	\$ 7,469,113	\$ 6,933,911	\$ 10,000,000	44.22%	\$ 10,000,000	0.00%
3080	195605	Federal Projects	\$ 65,383	\$ 0	\$ 0	N/A	\$ 0	N/A
3080	195609	Small Business Administration Grants	\$ 3,729,503	\$ 3,494,643	\$ 5,271,381	50.84%	\$ 5,271,381	0.00%
3080	195618	Energy Grants	\$ 42,556,379	\$ 2,107,952	\$ 4,100,000	94.50%	\$ 4,100,000	0.00%
3080	195653	Smart Grid Resiliency	\$ 6,000	\$ 0	\$ 0	N/A	\$ 0	N/A
3080	195670	Home Weatherization Program	\$ 10,787,667	\$ 10,767,130	\$ 20,000,000	85.75%	\$ 20,000,000	0.00%
3080	195671	Brownfield Redevelopment	\$ 1,471,396	\$ 56,230	\$ 3,000,000	5,235.19%	\$ 3,000,000	0.00%
3080	195672	Manufacturing Extension Partnership	\$ 3,166,246	\$ 4,647,050	\$ 5,359,305	15.33%	\$ 5,359,305	0.00%
3080	195675	Procurement Technical Assistance	\$ 468,126	\$ 621,323	\$ 1,250,000	101.18%	\$ 750,000	-40.00%
3080	195681	SBDC Disability Consulting	\$ 627,816	\$ 325,060	\$ 1,300,000	299.93%	\$ 1,300,000	0.00%
3080	195696	State Trade and Export Promotion	\$ 722,156	\$ 32,035	\$ 486,000	1,417.11%	\$ 486,000	0.00%
3350	195610	Energy Programs	\$ 92,017	\$ 104,834	\$ 200,000	90.78%	\$ 200,000	0.00%
3AE0	195643	Workforce Development Initiatives	\$ 813,179	\$ 759,782	\$ 1,500,000	97.43%	\$ 1,500,000	0.00%
3DB0	195642	Federal Stimulus - Energy Efficiency & Conservation Block Grants	\$ 620,250	\$ 1,000	\$ 0	N/A	\$ 0	N/A
3FJ0	195626	Small Business Capital Access and Collateral Enhancement Program	\$ 9,035,282	\$ 10,583,649	\$ 5,644,445	-46.67%	\$ 5,644,445	0.00%
3FJ0	195661	Technology Targeted Investment Program	\$ 780,850	\$ 4,779,268	\$ 2,260,953	-52.69%	\$ 2,260,953	0.00%
3K80	195613	Community Development Block Grant	\$ 48,539,787	\$ 42,197,828	\$ 65,000,000	54.04%	\$ 65,000,000	0.00%

Prepared by the Legislative Service Commission

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
DEV Development Services Agency								
3K90	195611	Home Energy Assistance Block Grant	\$ 172,320,717	\$ 200,228,718	\$ 175,000,000	-12.60%	\$ 175,000,000	0.00%
3K90	195614	HEAP Weatherization	\$ 23,811,766	\$ 23,502,986	\$ 25,000,000	6.37%	\$ 25,000,000	0.00%
3L00	195612	Community Services Block Grant	\$ 27,060,729	\$ 22,725,430	\$ 28,000,000	23.21%	\$ 28,000,000	0.00%
3V10	195601	HOME Program	\$ 20,803,514	\$ 19,866,272	\$ 25,000,000	25.84%	\$ 25,000,000	0.00%
Federal Fund Group Total			\$ 375,017,520	\$ 353,736,601	\$ 378,372,084	6.96%	\$ 377,872,084	-0.13%
Development Services Agency Total			\$ 1,095,246,671	\$ 1,139,644,521	\$ 1,242,470,475	9.02%	\$ 1,248,790,275	0.51%