

Greenbook
LSC Analysis of Enacted Budget

**Development Services
Agency**

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Legislative Service Commission

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ATTACHMENT:

Budget Spreadsheet By Line Item

Development Services Agency

- Total biennial appropriations of around \$2.26 billion
- Nearly 70% of the DSA budget supports community development programs
- Third Frontier Program receives around \$220 million to fund technology and R&D projects (about 10% of overall DSA budget)

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, such as JobsOhio.

DSA is organized into three program divisions and an operations division, comprising around 300 full-time equivalent (FTE) employees.¹ The Community Services Division is comprised of two offices. The Office of Community Assistance (86 FTEs) administers aid for low-income people in Ohio, such as programs to assist in the payment of electric bills or weatherization costs. Additionally, the office oversees redevelopment programs, including subsidies for abandoned gas stations and brownfields. The Office of Community Development (42.5 FTEs) administers federal Community Development Block Grant (CDBG) funding and supports various housing programs, including the Ohio Housing Trust Fund.

The Business Services Division also includes two offices. The Office of Strategic Investments (49 FTEs) works with JobsOhio in packaging business attraction or expansion incentives and monitoring awards. The Office of Small Business and Entrepreneurship (27.5 FTEs), meanwhile, promotes various business development activities across the state, such as manufacturing and exports, but most prominently technology investment through DSA's Third Frontier Program. In collaboration with the Business Services Division, the Minority Business Division (10 FTEs) provide small, minority, and disadvantaged businesses access to state financial assistance programs and technical assistance.

Finally, the Operations Division (76 FTEs) includes DSA's finance, IT, legal, and communications functions. For administrative purposes, the Division also houses the Office of TourismOhio (11 FTEs) to promote the state as a tourism destination.

¹ FTEs include both full-time employees and employees who are part-time, intermittent, and seasonal at fractions of one FTE, based on the number of hours worked in aggregate over the fiscal year as a percentage of a full-time employee's hours (2,080 hours).

H.B. 49 Appropriations

By Fund Group

DSA receives overall funding of \$1.13 billion in FY 2018 and \$1.14 billion in FY 2019 under H.B. 49. Table 1 presents the H.B. 49 appropriations for the Agency by fund group. The Dedicated Purpose Fund Group makes up 40.8% of all appropriations and is dominated by \$370 million per year budgeted for Percentage of Income Payment Plan (PIPP) Program subsidy payments. The Federal Fund Group comprises the next highest share of appropriations at nearly a third of funding, with various ongoing programs funded, such as the Community Development Block Grant Program and the Home Energy Assistance Program (HEAP). GRF appropriations of around \$130 million per year are relatively consistent in recent years, with fluctuations mostly resulting from debt service payments on general obligation (GO) bonds paid from the GRF.

Table 1. H.B. 49 Budget by Fund Group, FY 2018-FY 2019 (millions)				
Fund Group	FY 2018	FY 2019	FY 2018-FY 2019 Total	% of FY 2018-FY 2019 Total
Dedicated Purpose	\$462.0	\$462.0	\$924.0	40.8%
Federal	\$373.2	\$373.2	\$746.5	33.0%
GRF	\$130.5	\$137.5	\$268.1	11.8%
Bond Research and Development	\$113.3	\$113.3	\$226.6	10.0%
Facilities Establishment	\$37.5	\$37.5	\$75.0	3.3%
Internal Service Activity	\$11.5	\$11.5	\$22.3	1.0%
Capital Projects	\$0.6	\$0.0	\$0.6	0.0%
TOTAL*	\$1,128.7	\$1,135.1	\$2,263.7	100.0%

*Figures may not add to totals due to rounding.

The annual appropriations contained in H.B. 49 are approximately \$113.0 million lower than those in H.B. 64, the main operating budget act of the 131st General Assembly. Under H.B. 49, the funding reductions occur in three main areas:

1. About \$50 million less per fiscal year in line item funding under the Bond Research and Development Fund Group, resulting from a reduction in budgeted Third Frontier Program awards;
2. Around \$30 million less annually in appropriations under line items in the Dedicated Purpose Fund Group, due to the expiration and/or winding down of various state programs, including the Local Government Innovation Program, the Local Government Safety Capital Grant Program, and the Incumbent Workforce Training Voucher Program; and
3. Approximately \$20 million less per fiscal year in line item funding under the Facilities Establishment Fund Group, because of a decrease in funding for economic development assistance for business expansion or attraction projects.

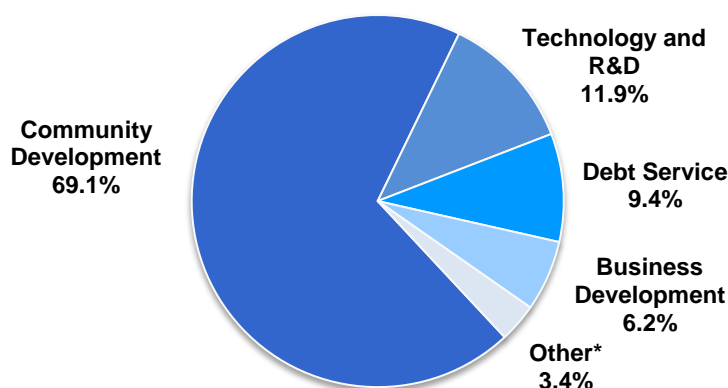
By Appropriation Category

In this Greenbook, LSC analyzes the H.B. 49 funding for DSA in seven spending categories: (1) Community Development, (2) Technology and Research and Development (R&D), (3) Business Development, (4) Energy Development, (5) Tourism Promotion, (6) Debt Service, and (7) Administration. The chart below shows how the FY 2018-FY 2019 budget is allocated among these categories.

Funding in the category of **Community Development** comprises the majority of the biennial appropriations with \$1.57 billion for the two-year period, 69.1% of the overall amount. Of the category, about \$1.24 billion is allocated for low-income assistance, while \$180.0 million is for housing programs, notably the Ohio Housing Trust Fund. Spending in the area of **Technology and R&D** makes up the next highest category of the budget, receiving \$270.1 million, or 11.9%, of total appropriations under H.B. 49, including about \$221.7 million for projects under the Third Frontier Program. **Debt Service** accounts for \$213.0 million of the FY 2018-FY 2019 budget, to pay off GO 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 defunct Job Ready Site Program.

Of the \$139.3 million allocated to **Business Development** for the budget period, \$75.0 million is from the Facilities Establishment Fund Group, which is principally used to provide loans to businesses to assist in relocation or expansion projects involving the purchase of real estate or the acquisition of other capital assets. The 3.4% remaining is divided as follows: 1.5% (\$32.9 million) for **Energy Development**, 1% (\$23.0 million) for **Administration**, and finally, around 0.9% (\$20.3 million) for **Tourism Promotion**.

Budget by Appropriation Category, FY 2018-FY 2019



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

H.B. 49 Highlights

Third Frontier Funding

Reduced Funding for Projects

The Third Frontier Program funding remains the largest state-funded business incentive program operated by DSA. However, H.B. 49 funding of \$110.9 million per year in appropriations for Third Frontier projects represents a reduction compared to the prior FY 2016-FY 2017 biennium, which set appropriations at \$159.8 million in FY 2016 and \$154.8 million in FY 2017. Third Frontier funding for projects fluctuates across years due to several factors, but primarily are a result of the Third Frontier Commission's priorities for the short- and long-term in supporting specific aspects or missions relating to the R&D industry. The funding distribution under the various subprograms differs significantly according to their purposes. This is reflected in more detail in this Greenbook within Table 4 in "**Category 2: Technology and R&D.**"

Additionally, actual spending through each of the line items fluctuates from year to year based on the type of projects awarded by the Third Frontier Commission. Often, encumbrances carry over from one fiscal year to the next as grant agreements are executed. H.B. 49 includes temporary law provisions that allow DSA and OBM to transfer appropriations between the two line items and from FY 2018 to FY 2019. This gives DSA cash management flexibility in managing the projects and complying with federal requirements governing the use of federally tax-exempt GO bond proceeds.

Opioid Crisis Funding

Another item of note regarding Third Frontier funding is that, although no specific language is set out in H.B. 49 for this purpose, DSA announced in June 2017 that \$20.0 million in Third Frontier funding will be used to advance technology and research to support the Ohio opioid crisis. Presumably the entirety of this \$20.0 million will be used from appropriations in the FY 2018-FY 2019 biennium.

Of the total Third Frontier funding of \$20.0 million for opioid assistance, two initiatives are being rolled out. First, the Ohio Opioid Abuse, Prevention, and Treatment Technology Initiative receives up to \$12.0 million, to accelerate the development and commercialization of promising new products in the categories of medical devices, diagnostics, pharmaceuticals, and health technology to address issues associated with the drug crisis. Second, \$8.0 million is devoted to the Ohio Opioid Technology Challenge. This will be a prize competition that seeks to award money for innovative solutions that reduce morbidity and mortality associated with opioid use and addiction by addressing prevention, treatment, and overdose response and avoidance. On August 8, 2017, DSA announced that the firm NineSigma, Inc. will manage the Challenge on behalf of the Agency.

Closeout of Programs Governed by the Local Government Innovation Council

The Local Government Innovation Council was formed within DSA in FY 2012 and initially authorized solely to award grants and loans under the Local Government Innovation Program. It was capitalized with funding in FY 2013 via a \$45.0 million cash transfer from the GRF that was deposited into the newly created Local Government Innovation Fund (Fund 5KN0). Since then, the Council assumed other local government assistance duties under two additional programs: (1) the Local Government Efficiency Program created in FY 2014, and (2) the Local Government Safety Capital Grant Program established in FY 2016. The Efficiency Program received \$10.0 million in funding, while the Safety Capital Grant Program received \$20.0 million in appropriations – both via separate transfers from the GRF. Consequently, in all the Council had \$75.0 million in funding to award for local governments over the six-year period from FY 2012 to FY 2017.

H.B. 49 includes no appropriations for the Local Government Innovation Council to use in the FY 2018-FY 2019 biennium. The Council still exists, however, as a legal entity under Chapter 189. of the Revised Code. The Safety Capital Grant Program expired at the end of FY 2017, with no additional funding in H.B. 49. All of the money was awarded in the form of grants, so funds were exhausted. This is likewise the case with the Efficiency Program. The Innovation Program had a loan component, and by the end of FY 2017 the remaining balance in Fund 5KN0 was solely available for any such loans. H.B. 49 required the transfer of the unexpended, unencumbered balance of Fund 5KN0 to the GRF at the beginning of FY 2018, and accordingly a transfer of just over \$25.0 million was made to the GRF in July 2017.

Vetoed Provision – Changes to the Thomas Alva Edison Grant Program

The budget bill sought to make changes to the Thomas Alva Edison Grant Program under R.C. 122.33, but these changes were vetoed by the Governor. H.B. 49 permitted DSA to waive the matching fund requirement for a project to receive a grant under the program if the project will enable Ohio companies to access new technology applications. This would have affected the GRF funding awarded through GRF appropriation item 195453, Technology Programs and Grants, under which up to \$10.0 million in each of FY 2018 and FY 2019 was available for DSA to award for the Thomas Alva Edison Grant Program.

Funding for the Office of TourismOhio in FY 2019

S.B. 314 of the 129th General Assembly created the Office of TourismOhio under DSA, succeeding the Tourism Division, and established a five-year pilot 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 \$10.0 million in sales tax proceeds credited to the GRF may be transferred to Fund 5MJ0. The \$10.0 million cap includes an

annual inflation adjustment, the result being that the actual amount transferred has amounted to around \$10.2 million each year since FY 2015.

Since the five-year funding mechanism is slated to end in FY 2018, H.B. 49 includes a provision (Section 512.60 of the bill) that allows this funding method to continue for FY 2019. The bill, however, limits the transfer amount from the GRF in FY 2019 to not exceed the amount transferred in FY 2018. H.B. 49 includes appropriations for Tourism Fund (Fund 5MJ0) line item 195683, amounting to \$10.0 million in each year. This will fund the operations of the Office of TourismOhio, as well as pay for the purchased personal services and supply costs of marketing, advertising, public relations, and the development and publication of tourism materials.

S.B. 314 of the 129th General Assembly also required OBM, DSA, and the Department of Taxation to collaborate and prepare a report on the five-year funding mechanism in FY 2018 and to make recommendations to the Governor and the General Assembly on whether to make this tourism funding method permanent. The report is also to recommend whether the Office of TourismOhio should be transferred to JobsOhio. Pending the findings in the report and other potential legislation, the Office of TourismOhio may continue to be funded under the current method, or be funded differently in the future.

Lakes in Economic Distress Revolving Loan Program Funding and Criteria

The budget bill reappropriates the unexpended, unencumbered balance of the FY 2017 appropriation for Lakes in Economic Development Revolving Loan Fund (Fund 5RQ0) appropriation item 195546, Lakes in Economic Distress Revolving Loan Program, for the same purpose in FY 2018. The reappropriated amount is \$500,000.

The bill also specifies that, besides funding for the program, any of this reappropriated amount may also be used for two other purposes: (1) to support stormwater drainage infrastructure improvements at the Buckeye Lake Dam, or (2) to perform a stormwater drainage study at the Buckeye Lake Dam.

Lastly, H.B. 49 altered the requirements to participate in the Lakes in Economic Distress Revolving Loan Program. Specifically, H.B. 49 relaxed an existing criterion used to determine eligibility for the program by requiring a loan applicant to have incurred a year-to-year reduction in gross revenue of 10%, instead of 40% as under current administrative guidelines, as measured between 2014 and 2015, 2015 and 2016, or 2014 and 2016.

Tax Provisions

H.B. 49 makes several changes to tax credits and their administration. For the fiscal impact of these provisions, see the Department of Taxation's Greenbook.

New Market Tax Credits

The budget bill modifies the issuance of the annual cap of \$10 million for New Market Tax Credits. H.B. 49 changes the basis for determination of the cap from an amount based on qualified investment credits claimed by a taxpayer in a tax year to the amount of tax credits the Director of Development Services may approve in a tax year.

Change to the Sales Tax Exemption for Computer Data Centers

H.B. 49 increases from five to six the number of years during which the operator of a 2013 computer data center project must meet the capital investment requirement associated with an existing sales and use tax exemption. Continuing law authorizes the Tax Credit Authority to fully or partially exempt from taxation the purchase of certain computer data center equipment if the operator of the data center agrees to make a \$100 million capital investment at a site in this state within a specified number of years.

"Work-from-home" Employees to Count for Job Creation Tax Credit Agreements

The budget bill allows employers that apply for a job creation tax credit (JCTC) to count compensation paid to certain "work-from-home" employees for the purposes of qualifying and complying with the terms of the JCTC agreement. Continuing law allows employers to receive a JCTC based on "home-based employees," but special conditions and reporting requirements apply to that category of employees. Home-based employees must be paid at least 131% of the federal minimum wage, and the JCTC agreement must not include any employees who work at the project location and must expire before 2019. H.B. 49 specifies that the newly created category of "work-from-home" employees are treated the same as employees who work at the project location as long as they reside in Ohio and are supervised from the project location. The refundable JCTC applies against the insurance taxes, the petroleum activity tax, the financial activity tax, and the individual income tax.

Motion Picture Tax Credit

The budget bill changes law pertaining to the motion picture tax credit. To be eligible for the credit, a motion picture company is required to show that it has already secured funding equal to at least 50% of the motion picture's total production budget. The Director of the Development Services Agency is required to give priority to tax credit-eligible productions that are television series or miniseries. If the amount of credits allowed in any fiscal year is less than the annual \$40 million cap for this credit, the difference may be carried forward and added to the cap in the following fiscal year. DSA is required to charge a tax credit application fee equal to 1% of the estimated value of the credit or \$10,000, whichever is less. The current application fee is subject to DSA discretion and is lower than the amount specified in H.B. 49.

Vetoed Provision – Rural and High-Growth Industry Jobs Program

The Governor vetoed a provision of H.B. 49 that would have authorized a nonrefundable tax credit for insurance companies and financial institutions that invested in special purpose "rural and high-growth industry funds" certified by DSA and contributed capital to certain types of businesses with substantial operations in Ohio. Investments were required to be made in rural businesses or in businesses engaged in "high-growth industries" or certified by DSA as beneficial to the economic growth of the state. The budget act stipulated various procedures and requirements related to the process of certifying a rural and high-growth industry fund, investment benchmarks, progress reports, credit recapture, and decertification. The total amount of credits under the program would have been limited to \$60 million.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of H.B. 49 funding for each appropriation item in DSA's budget. In this analysis, line items are grouped into seven major categories corresponding to the functions they serve. Within each category, a table lists the appropriations to line items in each fiscal year of the biennium, followed by a discussion of how the appropriation is expected to be used. The seven categories are as follows:

1. Community Development;
2. Technology and R&D;
3. Business Development;
4. Energy Development;
5. Tourism Promotion;
6. Debt Service; and
7. 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. 49				
Fund		ALI and Name		Category
General Revenue Fund Group				
GRF	195402	Coal Research and Development Program		4: Energy Development
GRF	195405	Minority Business Development		3: Business Development
GRF	195415	Business Development Services		3: Business Development
GRF	195426	Redevelopment Assistance		1: Community Development
GRF	195453	Technology Programs and Grants		2: Technology and R&D
GRF	195454	Small Business and Export Assistance		3: Business Development
GRF	195455	Appalachian Workforce Assistance		1: Community Development
GRF	195497	CDBG Operating Match		1: Community Development
GRF	195501	iBELIEVE		1: Community Development
GRF	195503	Local Development Projects		1: Community Development
GRF	195537	Ohio-Israel Agricultural Initiative		3: Business Development
GRF	195901	Coal Research and Development General Obligation Bond Debt Service		6: Debt Service
GRF	195905	Third Frontier Research & Development General Obligation Bond Debt Service		6: Debt Service
GRF	195912	Job Ready Site Development General Obligation Bond Debt Service		6: Debt Service

Categorization of DSA's Appropriation Line Items for Analysis of H.B. 49				
Fund		ALI and Name	Category	
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:	Community Development
4W10	195646	Minority Business Enterprise Loan	3:	Business Development
5CG0	195679	Alternative Fuel Transportation	4:	Energy Development
5HR0	195403	Appalachian Workforce Assistance	1:	Community Development
5HR0	195622	Defense Development Assistance	3:	Business Development
5HR0	195662	Incumbent Workforce Training Vouchers	3:	Business Development
5JR0	195635	Tax Incentives Operating	3:	Business Development
5KP0	195645	Historic Rehabilitation Operating	1:	Community Development
5M40	195659	Low Income Energy Assistance (USF)	1:	Community Development
5M50	195660	Advanced Energy Loan Programs	4:	Energy Development
5MH0	195644	SiteOhio Administration	1:	Community Development
5MJ0	195683	TourismOhio Administration	5:	Tourism Promotion
5W50	195690	Travel and Tourism Cooperative Projects	5:	Tourism Promotion
5W60	195691	International Trade Cooperative Projects	3:	Business Development
6170	195654	Volume Cap Administration	4:	Energy Development
6460	195638	Low- and Moderate-Income Housing Programs	1:	Community Development
M087	195435	Biomedical Research and Technology Transfer	2:	Technology and R&D
Internal Service Activity Fund Group				
1350	195684	Development Services Operations	7:	Administration
6850	195636	Development Services Reimbursable Expenditures	7:	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
Bond Research and Development Fund Group				
7011	195686	Third Frontier Tax Exempt – Operating	2:	Technology and R&D
7011	195687	Third Frontier Research & Development Projects	2:	Technology and R&D
7014	195620	Third Frontier Taxable – Operating	2:	Technology and R&D
7014	195692	Research & Development Taxable Bond Projects	2:	Technology and R&D
Capital Projects Fund Group				
7003	195663	Clean Ohio Revitalization Operating	1:	Community Development

Categorization of DSA's Appropriation Line Items for Analysis of H.B. 49				
Fund		ALI and Name	Category	
Federal Fund Group				
3080	195603	Housing Assistance Programs	1:	Community Development
3080	195609	Small Business Administration Grants	3:	Business Development
3080	195618	Energy Grants	4:	Energy Development
3080	195670	Home Weatherization Programs	1:	Community Development
3080	195671	Brownfield Redevelopment	1:	Community Development
3080	195672	Manufacturing Extension Partnership	2:	Technology and R&D
3080	195675	Procurement Technical Assistance	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	3:	Business Development
3FJ0	195626	Small Business Capital Access and Collateral Enhancement Program	3:	Business Development
3FJ0	195661	Technology Targeted Investment Program	2:	Technology and R&D
3K80	195613	Community Development Block Grant	1:	Community Development
3K90	195611	Home Energy Assistance Block Grant	1:	Community Development
3K90	195614	HEAP Weatherization	1:	Community Development
3L00	195612	Community Services Block Grant	1:	Community Development
3V10	195601	HOME Program	1:	Community Development

Category 1: Community Development

Programs in this category are administered by the Community Services Division and funded through various state and federal sources to benefit low-income individuals and households, provide housing and homelessness assistance, support local infrastructure, and perform environmental redevelopment activities. For the purpose of this analysis, this category has been divided into four subcategories: Low-Income Assistance, Housing Programs, Local Community Assistance, and Operating Costs.

Appropriations for Community Development				
Fund		ALI and Name	FY 2018	FY 2019
General Revenue Fund				
GRF	195426	Redevelopment Assistance	\$824,500	\$1,067,000
GRF	195455	Appalachian Workforce Assistance	\$3,422,000	\$3,422,000
GRF	195497	CDBG Operating Match	\$1,021,604	\$1,021,604
GRF	195501	iBELIEVE	\$100,000	\$100,000
GRF	195503	Local Development Projects	\$150,000	\$150,000
General Revenue Fund Subtotal			\$5,518,104	\$5,760,604
Dedicated Purpose Fund Group				
4F20	195699	Utility Community Assistance	\$500,000	\$500,000
5HR0	195403	Appalachian Workforce Assistance	\$4,140,018	\$4,140,018
5KP0	195645	Historic Rehabilitation Operating	\$1,000,000	\$1,000,000
5M40	195659	Low Income Energy Assistance (USF)	\$370,000,000	\$370,000,000
5MH0	195644	SiteOhio Administration	\$25,000	\$25,000
6460	195638	Low- and Moderate-Income Housing Programs	\$53,000,000	\$53,000,000
Dedicated Purpose Fund Group Subtotal			\$428,665,018	\$428,665,018
Capital Projects Fund Group				
7003	195663	Clean Ohio Revitalization Operating	\$600,000	\$0
Capital Projects Fund Group Subtotal			\$600,000	\$0
Federal Fund Group				
3080	195603	Housing Assistance Programs	\$12,000,000	\$12,000,000
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	\$60,000,000	\$60,000,000
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			\$348,000,000	\$348,000,000
Total Funding: Community Development			\$782,783,122	\$782,425,622

This category includes \$1.57 billion in funding over the FY 2018-FY 2019 biennium, which is 69.1% of all DSA appropriations. As Table 2 indicates below, \$1.24 billion (79.0%) of the category is allocated to low-income assistance programs under DSA. Programs that support housing and homelessness are provided around \$180.0 million (11.5%) in the next biennium, followed by funding of \$141.6 million (9.0%) for local governments and communities. Administrative costs under the Community Services Division are budgeted for about \$7.6 million in the two-year period. Approximately 55.5% (\$869.2 million) of aggregated biennial funding for the category derives from state sources, while the 44.5% remaining (\$696.0 million) is money received from the federal government.

Table 2. Biennial Community Development Funding Amounts by Subcategory (in millions), FY 2018-FY 2019		
Subcategory	Appropriations (FY 2018-FY 2019)	% of Total
Low-Income Assistance	\$1,236.0	79.0%
Housing Programs	\$180.0	11.5%
Local Community Assistance	\$141.6	9.0%
Operating	\$7.6	0.5%
TOTAL: Subcategory Funding	1,565.2	100.0%

Low-Income Assistance

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.

Subsidies to Support Costs of Electricity

Low-income people may apply to DSA for energy assistance through a single application: 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 \$370.0 million in each fiscal year under H.B. 49. This line item is 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 fluctuates significantly from year to year for two primary reasons: (1) customer utilization, which is quite dependent on economic conditions, and (2) energy usage, which largely depends on the severity of temperatures in the winter and summer seasons. Over the last five fiscal years, spending from line item 195659 has ranged from a low of around \$284.8 million in FY 2017 to a high of \$421.7 million in FY 2015. The average spending over this five-year period is \$351.4 million. The \$370.0 million appropriated for this purpose in each fiscal year gives DSA a bit of flexibility to cover costs in case PIPP Program costs are on the higher end in the next biennium.

Home Energy Assistance Block Grant (195611)

The budget bill includes funding of \$175.0 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 guidelines. This line item also includes funding for the (1) 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.

HEAP Weatherization (195614)

This line item receives appropriations of \$25.0 million in each fiscal year under H.B. 49, which consists of a portion of the HEAP block grant funds received from HHS, and are used to fund home weatherization projects for low-income households eligible for HEAP. Under federal requirements, 15% of the HEAP funds are allocated for weatherization; however states may apply for a waiver to use up to 25% of the federal funding for this purpose. Accordingly, H.B. 49 requires DSA to submit a waiver to HHS to expend 20% of HEAP funding for weatherization. This federal funding is used in conjunction with other federal allocations for weatherization through 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 guidelines, those that participate in the state 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 (CAAs), which then contract with weatherization specialists to conduct energy audits and provide upgrades under the program. The FY 2018-FY 2019 budget for this line item includes \$20.0 million in each fiscal year for regular weatherization funding from the Department of Energy.

Community Services Block Grant (195612)

Funding for this line item is \$28.0 million in each fiscal year under H.B. 49. Most of the funds (at least 91%) are awarded to the state by HHS according to a federal formula and are subsequently allocated to local CAAs, 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. Under R.C. 122.68, up to 4.5% of the funds may be set aside for training and technical assistance, outside the formula allocations to the CAAs. The federal guidelines allow up to 5% of the HHS funds to be used for administrative expenses.

Housing Programs

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

Appropriations of \$53.0 million in each fiscal year for this line item support what is commonly known as the Ohio Housing Trust Fund (HTF). The line item provides state-funded grants and loans from the fund 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.

HOME Program (195601)

This line item receives federal funding of \$25.0 million in each fiscal year under H.B. 49. HOME Investment Partnership funds are awarded to the state by the U.S. Department of Housing and Urban Development (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 also consists of federal funds from HUD. Specifically, the line item is directed toward the Housing Opportunities for Persons with AIDS (HOPWA) Program and 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 emergency shelter funding goes through the McKinney Emergency Solutions Grants Program, providing grants to local governments and nonprofit organizations for this purpose. This line item is funded at \$12.0 million in each fiscal year under H.B. 49.

Local Community Assistance**Community Development Block Grant (195613)**

Funding for this line item is \$60.0 million in each of FY 2018 and FY 2019 under H.B. 49. DSA's Office of Community Development administers Community Development Block Grant (CDBG) Program funds received from HUD for communities that do not receive federal funds directly. These communities are referred to as Non-Entitlement Communities. The CDBG money that DSA receives can be used by Non-Entitlement Communities for a range of purposes, including main street and neighborhood development programs, affordable housing, and other projects. The following table includes brief descriptions of the activities supported by CDBG funds that pass through DSA.

Table 3. DSA Programs Funded by Line Item 195613, Community Development Block Grant	
Program	Purpose
Community Development Allocation	Improve public facilities, public services, fair housing, and economic development.
Residential Public Infrastructure Grant	Assist with drinking water and sewage system improvements.
Critical Infrastructure	Support high-priority, single component projects such as roads, flood, and drainage improvements.
Economic Development and Public Infrastructure Assistance	Improve infrastructure and provide 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	Assist in public facilities improvements, such as construction, reconstruction, and rehabilitation of infrastructure.
Downtown Revitalization Grant	Improve central business districts, aid in eliminating blighted structures, and create jobs.
CDBG Target of Opportunity Grant	Support for community development, housing, emergency shelter, and special projects and activities that do not fit within the other programs.

The other portion of federal funding under the CDBG Program is distributed by HUD directly to the 45 entitlement cities in Ohio. Altogether, these cities were slated to receive allocations totaling \$96.2 million in federal fiscal year 2016 (October 2015 through September 2016).

Appalachian Assistance

Appalachian Workforce Assistance (195455 and 195403)

H.B. 49 specifies that the two line items are to serve the same purposes; the only difference between the two being their funding source: the GRF and the Ohio Incumbent Workforce Job Training Fund (Fund 5HR0). In total, about \$7.6 million is appropriated in each of FY 2018 and FY 2019 for Appalachian workforce assistance under these two line items. Of the total, \$3.4 million in each year comes from the GRF and \$4.1 million comes from Fund 5HR0.

The purpose of this funding is to provide economic and community development assistance to the 32 counties in Ohio's Appalachian region. Specifically, this funding can be used for several purposes, including (1) paying for administrative costs of 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.

To achieve that last purpose, H.B. 49 earmarks up to \$170,000 each fiscal year for three of these Local Development Districts: the Ohio Valley Regional Development Commission, the Ohio Mid-Eastern Government Association, and the Buckeye Hills – Hocking Valley Regional Development District. There is an earmark of \$70,000 in each fiscal year for the fourth entity, the Eastgate Regional Council of Governments. These same earmarks were in place for the prior biennium.

iBELIEVE (195501)

H.B. 49 earmarks the entirety of this line item, \$100,000 in each fiscal year, for the iBELIEVE Foundation to provide opportunities for Appalachian youth to develop 21st century skills, including leadership, communication, and problem solving for college access and retention.

Brownfield Redevelopment (195671)

This line item supports the Brownfield Revolving Loan Program, which provides low-interest loans to private and public entities for demolition, cleanup, and remediation projects on brownfield sites. Funds for this purpose are received by DSA through competitive grants from the U.S. Environmental Protection Agency. The appropriation to this line item is \$3.0 million in each fiscal year.

Local Development Projects (195503)

This line item receives GRF funding of \$150,000 in each year and is entirely earmarked for Cleveland Neighborhood Progress to support the Community Financial Centers Pilot Program.

Operating Costs

Although other line items described above in this category are also used to cover a portion of the operating costs for the Community Services Division, the line items below pay for the majority of the Division's administrative expenses. A total of around \$4.0 million in FY 2018 and \$3.6 million in FY 2019 is appropriated through the following line items.

Redevelopment Assistance (195426)

GRF funding of \$824,500 in FY 2018 and \$1.1 million in FY 2019 will pay for a variety of operating expenses, including those related to energy, redevelopment, and other revitalization projects. The line item may also be used to match federal funding.

Historic Rehabilitation Operating (195645)

Appropriations of \$1.0 million per year cover operating costs of the Ohio Historic Preservation Tax Credit Program. The line item is funded by fees collected under the program and deposited into the Historic Rehabilitation Tax Credit Operating Fund. Half of the appropriations are used to cover DSA's operating costs of the program,

while the other half is transferred to the Ohio History Connection on a monthly basis to help cover that organization's expenses in working with DSA on the program.

CDBG Operating Match (195497)

H.B. 49 funds this line item at about \$1.0 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 the federal CDBG Program funding appropriated under line item 195613, and also supports the state's cost of administering the CDBG Program.

Utility Community Assistance (195699)

The main operating budget act 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.

Clean Ohio Revitalization Operating (195663)

This line item receives \$600,000 in FY 2018 to 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. However, DSA is still overseeing active projects until they are closed out. No funding is provided for these purposes in FY 2019.

SiteOhio Administration (195644)

H.B. 49 appropriations of \$25,000 in each year of the biennium cover DSA's operating costs of the SiteOhio Certification Program. JobsOhio has taken over the active management of the program, thus this budgeted amount in H.B. 49 only reflects DSA's costs in coordinating with JobsOhio.

H.B. 436 of the 129th General Assembly created the program, seen 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 by businesses.

Category 2: Technology and R&D

Line items in this category support research, development, commercialization, and other activities in targeted areas of technological systems, processes, and products. For the purposes of this analysis, the line items in this category have been divided into three subcategories: State Subsidies, Federal Allocations, and Operating Costs.

Appropriations for Technology and R&D				
Fund		ALI and Name	FY 2018	FY 2019
General Revenue Fund				
GRF	195453	Technology Programs and Grants	\$13,599,956	\$13,349,956
General Revenue Fund Subtotal			\$13,599,956	\$13,349,956
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	195686	Third Frontier Tax Exempt – Operating	\$750,000	\$750,000
7011	195687	Third Frontier Research & Development Projects	\$20,000,000	\$20,000,000
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			\$113,310,250	\$113,310,250
Federal Fund Group				
3080	195672	Manufacturing Extension Partnership	\$5,500,000	\$5,500,000
3FJO	195661	Technology Targeted Investment Program	\$2,260,953	\$2,260,953
Federal Fund Group Subtotal			\$7,760,953	\$7,760,953
Total Funding: Technology and R&D			\$135,171,159	\$134,921,159

State Subsidies

Third Frontier Research and Development Projects (195687 and 195692)

Funding under these line items make up the grant and loan assistance component of the Third Frontier Program. The annual appropriations of \$110.9 million account for 82.1% of total biennial appropriations in the category over the FY 2018-FY 2019 period. Both line items are funded by the proceeds of GO 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.

All Third Frontier Program research and development projects must be awarded by the Third Frontier Commission and receive Controlling Board approval. From year to year, the Commission establishes Third Frontier subprograms to support specific aspects or missions relating to the R&D industry. The funding distribution under the various subprograms differs significantly according to their purposes, as reflected in

Table 4 below, which shows Third Frontier awards that received Controlling Board approval over the FY 2016-FY 2017 biennium.

Additionally, actual spending through each of the line items fluctuates from year to year based on the type of projects awarded by the Third Frontier Commission. Often, encumbrances carry over from one fiscal year to the next as grant agreements are executed. H.B. 49 includes temporary law provisions that allow DSA and OBM to transfer appropriations between the two line items and from FY 2018 to FY 2019. This gives DSA cash management flexibility in managing the projects and complying with federal requirements governing the use of federally tax-exempt GO bond proceeds.

Table 4. TFP Awards by Subprogram, FY 2016-FY 2017 Biennium				
TFP Subprogram	Purpose	Total Awarded (\$ millions)	# of Awards	Average Award (\$ millions)
Pre-Seed Fund Capitalization	Provide capital for venture capital funds supporting Ohio technology companies.	\$88.1	22	\$4.0
Entrepreneurial Signature	Coordinate the regional entrepreneurial network across the state.	\$48.1	6	\$8.0
Commercial Acceleration Loan Fund	Accelerate market entry for technology products and services.	\$11.5	11	\$1.1
Technology Validation and Start-up Fund	Commercialize technologies developed at universities and other research institutions.	\$8.1	58	\$0.1
Industrial R&D Center	Attract or expand large, nationally designated, nonprofit or federal R&D or lab facilities.	\$6.8	3	\$2.3
Internship	Assist in the expansion of a technology workforce, and retain these students in Ohio.	\$1.0	6	\$0.2
Incubation	Assist start-ups during the concept definition and development stages.	\$0.2	1	\$0.2
TOTAL		\$163.6	107	\$1.5

Third Frontier Funding to Assist Opioid Abuse, Prevention, and Treatment

Although no specific language is set out in H.B. 49 for this purpose, DSA announced in June 2017 that \$20.0 million in Third Frontier funding will be used to advance technology and research to support the Ohio opioid crisis. Presumably the entirety of this \$20.0 million will be awarded from appropriations in the FY 2018-FY 2019 biennium.

The opioid research funding entails two initiatives. First, the Ohio Opioid Abuse, Prevention, and Treatment Technology Initiative receives up to \$12.0 million, to accelerate the development and commercialization of promising new products in the categories of medical devices, diagnostics, pharmaceuticals, and health technology to

address issues associated with the drug crisis. Second, the Ohio Opioid Technology Challenge is provided the remaining \$8.0 million, and will be a prize competition that will award innovative solutions that reduce morbidity and mortality associated with opioid use and addiction by addressing prevention, treatment, and overdose response and avoidance. On August 8, 2017, DSA announced that the firm NineSigma, Inc. will manage the Challenge on behalf of the Agency.

Technology Programs and Grants (195453)

H.B. 49 provides appropriations of approximately \$13.6 million in FY 2018 and \$13.4 million in FY 2019 for the programs covered under this GRF line item. The majority of this line item (up to \$10.0 million per year) supports the Thomas Alva Edison Grant 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 four purposes:

1. To provide state matching funds for the federal Manufacturing Extension Partnership (MEP) Program (the program requires a 2:1 federal state match);
2. To earmark up to \$547,341 in each fiscal year to cover a portion of the operating costs for the Third Frontier Program;
3. To earmark exactly \$250,000 in each fiscal year for the Ohio Military Facilities Commission to be used in the financing of infrastructure capital improvements at Wright-Patterson Air Force Base in preparation for future federal Base Realignment and Closure (BRAC) actions; and
4. To earmark exactly \$75,000 in each fiscal year for the Camp Ravenna Joint Military Training Center to help with securing federal funding.

Vetoed Provision – Changes to the Thomas Alva Edison Grant Program

The General Assembly sought to make changes to the Thomas Alva Edison Grant Program as governed under R.C. 122.33, but these changes were vetoed by the Governor. H.B. 49 permitted DSA to waive the matching fund requirement for a project to receive a grant under the program if the project will enable Ohio companies to access new technology applications. This would have affected the GRF funding awarded through GRF appropriation item 195453.

Operating Costs (195686, 195620, and 195435)

These line items cover the operating costs of the Third Frontier Program. The annual appropriations to these three line items total just under \$3.0 million under H.B. 49. That number rises to about \$3.5 million per year when combining with the \$547,341 that may be used from GRF line item 195453 in each fiscal year.

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. Combined, these two line items make up approximately \$2.5 million of the operating appropriations for Third Frontier in each fiscal year.

Finally, H.B. 49 appropriates \$500,000 in operating funding support under line item 195435. The source of revenue supporting this appropriation is Tobacco Master Settlement Agreement funds and investment earnings deposited into the Biomedical Research and Technology Transfer Trust Fund (Fund M087). Previously, biomedical project awards would have been paid out from this line item. However, the biomedical program has ceased, thus this line item will be used for supplemental administrative support for awards issued under Third Frontier.

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 medium-sized manufacturing firms to accelerate the implementation of new manufacturing technology and work processes. Under the MEP 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 \$5.5 million in each fiscal year, on par with FY 2017 spending for the MEP Program. GRF line item 195453 is used to provide the state matching funds toward the program.

Technology Targeted Investment Program (195661)

This funding is provided under the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI) 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. H.B. 49 includes appropriations of \$2.3 million in each of FY 2018 and FY 2019 for this purpose.

Category 3: Business Development

This category of appropriations consists of line items that are used to provide loans to businesses and distribute financial assistance to local and regional economic development entities to aid in the goal of creating and retaining jobs in Ohio. Since around FY 2015, the private nonprofit JobsOhio assumed the responsibilities of both (1) being the lead agency on large-scale business attraction and retention projects, and (2) offering business incentives for these projects in the form of grants.

Both the Business Services Division and the Minority Business Development Division administer the programs within the category. Besides this H.B. 49 funding, DSA offers the Roadwork Development Grant Program for roadway infrastructure assistance; however, since the program is funded by the state motor fuel tax, the program receives appropriations in the transportation budget bill. The Roadwork Development Grant Program has appropriations of \$15.2 million in each of FY 2018 and FY 2019, under H.B. 26 of the 132nd General Assembly.

Appropriations for Business Development				
Fund		ALI and Name	FY 2018	FY 2019
General Revenue Fund				
GRF	195405	Minority Business Development	\$1,696,358	\$1,696,358
GRF	195415	Business Development Services	\$3,208,941	\$3,208,941
GRF	195454	Small Business and Export Assistance	\$3,057,174	\$3,057,174
GRF	195537	Ohio-Israel Agricultural Initiative	\$250,000	\$250,000
General Revenue Fund Subtotal			\$8,212,473	\$8,212,473
Dedicated Purpose Fund Group				
4500	195624	Minority Business Bonding Program Administration	\$74,905	\$74,905
4510	195649	Business Assistance Programs	\$4,000,000	\$4,000,000
4F20	195639	State Special Projects	\$102,104	\$102,104
4W10	195646	Minority Business Enterprise Loan	\$4,000,000	\$4,000,000
5HR0	195622	Defense Development Assistance	\$400,000	\$400,000
5HR0	195662	Incumbent Workforce Training Vouchers	\$1,250,000	\$1,250,000
5JR0	195635	Tax Incentives Operating	\$800,000	\$800,000
5W60	195691	International Trade Cooperative Projects	\$18,000	\$18,000
Dedicated Purpose Fund Group Subtotal			\$10,645,009	\$10,645,009
Facilities Establishment Fund Group				
5S90	195628	Capital Access Loan Program	\$2,500,000	\$2,500,000
7009	195664	Innovation Ohio	\$5,000,000	\$5,000,000
7010	195665	Research and Development	\$5,000,000	\$5,000,000
7037	195615	Facilities Establishment	\$25,000,000	\$25,000,000
Facilities Establishment Fund Group Subtotal			\$37,500,000	\$37,500,000

Appropriations for Business Development				
Fund		ALI and Name	FY 2018	FY 2019
Federal Fund Group				
3080	195609	Small Business Administration Grants	\$5,271,381	\$5,271,381
3080	195675	Procurement Technical Assistance	\$750,000	\$750,000
3080	195696	State Trade and Export Promotion	\$800,000	\$800,000
3AE0	195643	Workforce Development Initiatives	\$800,000	\$800,000
3FJ0	195626	Small Business Capital Access and Collateral Enhancement Program	\$5,644,445	\$5,644,445
Federal Fund Group Subtotal			\$13,265,826	\$13,265,826
Total Funding: Business Development			\$69,623,308	\$69,623,308

For this analysis, the line items in this category are separated into three subcategories: (1) Facilities Establishment Fund Group Loans, (2) Assistance for Minority and Disadvantaged Businesses, (3) Workforce Development Assistance, and (4) Technical Support and Operating Costs.

Facilities Establishment Fund Group Loans

The Facilities Establishment Fund Group is the primary source of non-Third Frontier Program state funds available for economic development subsidies, accounting for \$37.5 million in total appropriations per year. Loans and other assistance provided from the fund group must be approved by the Controlling Board.

Facilities Establishment (195615)

H.B. 49 includes appropriations of \$25.0 million in each fiscal year for this line item, which is 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, in exchange for the state's liquor merchandising franchise. Loan repayments, service fees, and investment income are also sources of revenue for the fund.

Primarily, the line item is used to fund the 166 Direct Loan Program. Businesses use these loans to purchase machinery and equipment, land and buildings acquisition, or make other eligible capital improvements. The program goes through fluctuations depending on market conditions and the revenue in Fund 7037 from loan repayments. In the FY 2016-FY 2017 biennium, only two such loans were awarded: the first for \$10.0 million and the second for \$4.0 million. However, through August 15, 2017, a total of \$9.5 million has been awarded from FY 2018 funds under three loan agreements.

A second loan mechanism, the Regional 166 Loan Program, has been more popular in recent years. This program operates more on the local level through nine designated regional 166 Direct Loan agencies around the state. The program was originally funded by money that the state gave to these regional entities to distribute as loans. It functions as a revolving loan program, using loan repayments to make additional loans to businesses with qualifying needs. The usage of these regional loans in the last two years has likely led to the decline in the number of loan awards under the actual 166 Direct Loan Program over this time period.

In addition to loans from Fund 7037, the line item also guarantees the Ohio Enterprise Bond Fund (OEBF), which uses the proceeds of special industrial development bonds to provide loans to borrowers that cannot access investment-grade debt. Prior to FY 2018, funding from the OEBF was last tapped in FY 2014, when the Controlling Board approved two such loans totaling \$14.0 million. However, on July 10, 2017, the beginning of FY 2018, the Controlling Board approved a loan from the OEBF for \$7.5 million.

Innovation Ohio (195664)

H.B. 49 provides funding of \$5.0 million in each fiscal year for this line item 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 six loans totaling \$6.2 million in FY 2016, and one loan for \$634,000 in FY 2017.

Research and Development (195665)

H.B. 49 appropriates another \$5.0 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). The Controlling Board approved three loans totaling \$3.8 million each in FY 2016, but none in FY 2017.

Assistance for Minority and Disadvantaged Business

Small Business Capital Access and Collateral Enhancement Program (195626)

The budget bill provides an appropriation of \$5.6 million in each fiscal year for this line item funded by allocations from the U.S. Department of Treasury for the State Small Business Credit Initiative (SSBCI). SSBCI funds first became available to the state in FY 2013 when Ohio was awarded \$55.1 million. The federal money has been distributed in three roughly equal installments of between \$18.0 million and \$19.0 million in each of FY 2012, FY 2014, and FY 2016.

This initiative aims to encourage lending to potential small businesses that have difficulty securing loans through conventional underwriting standards. Two federal program moneys are provided SSBCI funding under this line item: the first of these is the Capital Access Loan Program. Under this program, the state, along with borrowers and financial institutions, create reserve pools to recover any losses incurred by a financial institution in lending money to eligible businesses that have difficulty obtaining funding through conventional underwriting standards. This line item also supports the Collateral Enhancement Program to provide lending institutions with 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 R&D**," section above funds the Technology Targeted Investment Program component of the federal SSBCI Program.

Capital Access Loan Program (195628)

This line item is appropriated \$2.5 million in each fiscal year under H.B. 49. This line item supports the Capital Access Loan Program for historically underserved borrowers, such as small and minority-owned businesses. The program establishes a loan loss reserve pool for each eligible loan at a participating lending institution. Private lenders can use this pool to recover any losses on loans made through the program. To provide operating capital for the Capital Access Loan Fund (Fund 5S90), H.B. 49 authorizes OBM to transfer up to \$3.0 million per year into the fund from two other DSA funds: (1) up to \$2.0 million in each year from the Facilities Establishment Fund (Fund 7037), and (2) up to \$1.0 million in each year from the Minority Business Enterprise Loan Fund (Fund 4W10). As of August 15, 2017, Fund 5S90 had a cash balance of approximately \$807,000.

Minority Business Enterprise Loan (195646)

This line item receives appropriations of \$4.0 million in each fiscal year, equal to appropriations in the FY 2016-FY 2017 biennium. 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 traditional channels. The Minority Business Enterprise Loan Fund (Fund 4W10) is

supported by principal and interest repayments on loans made through the fund. The budget bill also allows up to \$2.0 million to be transferred from the Facilities Establishment Fund (Fund 7037) to Fund 4W10. Loans under this program must be approved by the Controlling Board. The Controlling Board approved five loans through the program totaling around \$2.4 million in the FY 2016-FY 2017 biennium.

Workforce Development Assistance

Incumbent Workforce Training Vouchers (195662)

The Incumbent Workforce Training Voucher Program was rolled out in FY 2013 as a way to reimburse Ohio employers for their costs in training 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 Department of Higher Education, spent through the separate Economic Development Programs Fund (Fund 5JC0). The voucher program is appropriated \$1,250,000 in each fiscal year of the FY 2018-FY 2019 biennium under H.B. 49. Once distributed, this is expected to exhaust the funding from the casino license revenue designated for workforce development purposes.

Under the Incumbent Workforce Training Voucher 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)

Like the Incumbent Workforce Training Voucher Program, line item 195622, Defense Development Assistance, is funded by one-time casino license revenue that is transferred to Fund 5JC0. This line item is earmarked for two purposes under H.B. 49. Of the total of \$400,000 appropriated per year, the bill earmarks \$300,000 in each year for Development Projects, Inc. to support economic development programs and job creation efforts at U.S. Department of Defense (DOD) facilities in Ohio. These efforts are to include (1) working with DOD efficiency initiatives and future base realignment and closure (BRAC) activities, (2) assisting with defense contracting at Ohio companies, and (3) supporting regional training and workforce needs in the defense and aerospace

industries. Development Projects, Inc. is the public sector funding arm of the Dayton Development Coalition.

The second earmark is \$100,000 in each year for the Aerospace Professional Development Center in Dayton to support statewide workforce development services in the aerospace industry.

Technical Support and Operating Costs

Federal Funding

A sum of \$7.6 million per year in federal funding will support small businesses and workforce development costs in DSA's budget. The first three line items below 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, Small Business and Export Assistance. Lastly, the fourth line item is workforce funding sourced from the U.S. Department of Labor.

Small Business Administration Grants (195609)

H.B. 49 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 provides management counseling, training, and technical assistance to small businesses at the 27 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. According to DSA's Annual Report for FY 2016, SBDCs provided 55,000 hours of one-on-one counseling and led to 556 "new business starts" in FY 2016.

Procurement Technical Assistance (195675)

This line item is used to help small businesses seeking to compete for federal, state, and local contracts at Procurement Technical Assistance Centers (PTACs). H.B. 49 provides appropriations of \$750,000 in each of FY 2018 and FY 2019 for this purpose.

State Trade and Export Promotion (195696)

The federal funding appropriated under this line item comes to the state as part of the SBA's State Trade and Export Promotion Pilot Program. DSA uses this funding to support small business export promotion efforts. H.B. 49 appropriates \$800,000 in each year of the FY 2018-FY 2019 biennium for this purpose.

Workforce Development Initiatives (195643)

H.B. 49 provides appropriations of \$800,000 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.

State Funding

Five state-funded line items pay the vast majority of operating costs of the Business Services Division and the Minority Business Development Division: (1) Fund 4510 line item 195649, (2) Fund 5JR0 line item 195635, (3) GRF line item 195405, (4) GRF line item 195415, and (5) GRF line item 195454. Altogether, these FY 2018-FY 2019 appropriations total approximately \$12.8 million per year.

Tax Incentives Operating (195635) and Business Assistance Programs (195649)

H.B. 49 alters the way funding is provided for administering economic development programs by redefining how certain line items are to be used. First, the bill requires tax credit fees to be deposited into the newly named Tax Incentives Operating Fund (Fund 5JR0), and specifies that Fund 5JR0 line item 195635 be used solely to administer the tax credit programs. The bill also requires the Business Assistance Fund (Fund 4510) line item 195649 to be used exclusively for the operating costs of DSA's loan programs. The bill allows for a cash transfer of up to \$3.5 million from the Facilities Establishment Fund (Fund 7037) to Fund 4510.

Tax Incentives Operating (195635). The Office of Strategic Business Investments will use this line item to pay operating costs of the various tax credit programs administered by DSA. These tax credit programs are the (1) Job Creation, (2) Job Retention, (3) InvestOhio, (4) Motion Picture, (5) Ohio Historic Preservation, and (6) Ohio New Market programs. In addition, the office tracks the creation and management of enterprise zones and community reinvestment areas in Ohio's communities. H.B. 49 appropriates \$800,000 for the line item in both FY 2018 and FY 2019.

Business Assistance Programs (195649). The budget bill includes appropriations of \$4.0 million in each of FY 2018 and FY 2019 for this line item. This funding will support loan servicing costs, mainly those awarded through the Facilities Establishment Fund Group. Revenue for this line item comes into Fund 4510 via loan commitment fees and transfers from the Facilities Establishment Fund (Fund 7037). In prior years, the line item paid for tax credit operating costs, but H.B. 49 pays these costs out of line item 195365.

Business Development Services (195415), Small Business and Export Assistance (195454), and Minority Business Development (195405)

These GRF line items together receive appropriations of around \$8.0 million per year under H.B. 49.

Business Development Services (195415). This GRF line item receives appropriations of \$3.2 million in each fiscal year to pay for some of the operating costs of the Business Services Division and DSA's regional offices. The Division oversees a variety of grant, loan, and tax credit programs that aim to spur economic development in the state.

Small Business and Export Assistance (195454). H.B. 49 includes appropriations of approximately \$3.1 million to the line item in each fiscal year, to be used for various purposes that aid small businesses, both for DSA's Office of Business Assistance within the Business Development Division, and in support of outside entities. Of the total, about one-third of the line item's funding is budgeted for internal operating costs, while the remaining two-thirds will go to other organizations. The outside funding includes the matching funds to the federally funded SBDC Program reflected in line item 195609, as well as grants to support small business development, entrepreneurship, and exports of Ohio's goods and services. Grants through the line item are used in conjunction with line item 195405, Minority Business Development.

Minority Business Development (195405). This line item receives about \$1.7 million per fiscal year and is used to provide assistance to other minority development entities, but also supports operating costs of the Minority Business Development Division within DSA. Typically, over half of the line item's funding is awarded to the six Minority Contractor Business Assistance Centers across the state, to promote the use of minority businesses for government contracts.

According to DSA, the network of centers across the state provided technical, procurement, and financial assistance to almost 2,400 clients in FY 2016, resulting in contracts totaling nearly \$140.0 million, loans of over \$2.9 million, and the certification of minority credentials to over 600 new businesses. The Division also works with the Department of Administrative Services on the Encouraging Diversity, Growth, and Equity (EDGE) Program, coordinates planning and policy for the Minority Business Advisory Council, and engages in other activities to promote the growth of minority-owned businesses in Ohio. The line item is also used in conjunction with line item 195454, Small Business and Export Assistance, for grants to local economic development organizations.

Other Line Items

Ohio-Israel Agricultural Initiative (195537)

H.B. 49 provides GRF funding of \$250,000 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 provide education on various agricultural issues like drip irrigation and agritourism. The initiative received \$200,000 in annual appropriations in the FY 2016-FY 2017 biennium. The additional \$50,000 in

appropriations in each of FY 2018 and FY 2019 are earmarked to support the Cleantech component of the initiative.

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.

Minority Business Bonding Program Administration (195624)

H.B. 49 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 who otherwise cannot obtain bonding. The maximum bond amount is \$1.0 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 \$10.0 million in unclaimed funds, 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. 49. 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 \$3.0 million grant to support costs associated with the restoration and resurfacing of an existing high-speed test track at the Transportation Research Center. DSA was reimbursed for costs under the project by the Ohio Department of Transportation.

Category 4: Energy Development

This category consists of programs to support and attract businesses in the alternative and advanced energy industry, to provide incentives for the adoption of alternative and advanced energy technologies, and to oversee the State Energy Plan under guidelines from the U.S. Department of Energy.

Appropriations for Energy Development				
Fund		ALI and Name	FY 2018	FY 2019
General Revenue Fund				
GRF	195402	Coal Research and Development Program	\$227,368	\$227,368
General Revenue Fund Subtotal			\$227,368	\$227,368
Dedicated Purpose Fund Group				
5CG0	195679	Alternative Fuel Transportation	\$2,000,000	\$2,000,000
5M50	195660	Advanced Energy Loan Programs	\$10,000,000	\$10,000,000
6170	195654	Volume Cap Administration	\$32,562	\$32,562
Dedicated Purpose Fund Group Subtotal			\$12,032,562	\$12,032,562
Federal Fund Group				
3080	195618	Energy Grants	\$4,000,000	\$4,000,000
3350	195610	Energy Programs	\$200,000	\$200,000
Federal Fund Group Subtotal			\$4,200,000	\$4,200,000
Total Funding: Energy Development			\$16,459,930	\$16,459,930

Advanced Energy Loan Programs (195660)

H.B. 49 includes appropriations of \$10.0 million in each fiscal year to award loans under the Energy Loan Fund Program. Loans ranging from \$250,000 to \$2.0 million are available under the program for small businesses, manufacturers, nonprofits, and public entities to make improvements that reduce energy usage and associated costs, reduce fossil fuel emissions, and create or retain jobs. Eligible activities include insulation, LED and other lighting systems, energy management control systems, HVAC upgrades, weather sealing, door and window replacements, combined heat and power systems, and cogeneration systems. 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. Of the amount appropriated in each fiscal year, \$9.25 million is budgeted for loan subsidies, while the remaining \$750,000 is set aside for operating costs involved with the program and the State Energy Plan.

Through FY 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 has expired. Since FY 2012, the program has operated using the remaining funding as a revolving loan program, called the Energy Loan Fund Program.

Federal Energy Funding (195610 and 195618)

These federal funds are used for the activities of the State Energy Program (SEP), providing total appropriations of \$4.2 million in each of FY 2018 and FY 2019 in H.B. 49. Line item 195618 is the primary funding source, and mainly supplements funding for the Energy Loan Fund Program, described above. The budget would allocate about \$3.7 million in each year (86.9%) of the total federal funding toward the loan program. The remaining \$550,000 in each year is slotted for outreach, client education, support for public school energy education curricula, public information sharing, and energy conservation workshops for small businesses.

The funding source for line item 195610 is the Oil Overcharge Fund (Fund 3350), capitalized by federal funds received pursuant to a U.S. government settlement with oil companies. To spend the Fund 3350 appropriations, 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)

H.B. 49 includes \$2.0 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 line item received appropriations of \$3.0 million in the FY 2016-FY 2017 biennium; however, the program has seen practically no activity during that period, with spending of around \$33,000 in FY 2016 and \$49,000 in FY 2017, with no money encumbered for use at a later date.

Coal Research and Development Program (195402)

This line item funds the operating expenses of the Ohio Coal Development Office (OCDO). H.B. 49 appropriates a total of about \$455,000 for OCDO's administrative costs for the FY 2018-FY 2019 biennium, in line with spending for this purpose during the prior biennium. OCDO operates the Coal Research and Development Program, funded by GO 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 6: Debt Service."**

The actual grant funding for the Coal Research and Development Program is funded through appropriations within the capital budget bills. S.B. 310 of the 131st General Assembly, the capital budget bill for the FY 2017-FY 2018 biennium, included appropriations of \$10.0 million for the Coal Research and Development Program. The grants focus on two areas of clean coal technology: (1) Ohio Coal Research Consortium grants go 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, and (2) Ohio Coal Demonstration and Pilot Program grants go 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 enables the conversion or use of Ohio coal as a fuel or chemical feedstock in an environmentally acceptable manner.

Volume Cap Administration (195654)

H.B. 49 has 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 the OCDO and 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 of \$100 per resident. The total 2017 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 2017. Ohio defines five categories of projects eligible for tax-exempt bond financing under Section 122-4-02 of the Ohio Administrative Code, with the following set-asides in 2017:

1. Single-family housing bonds for OHFA programs (\$300.0 million);
2. Multifamily housing bonds for OHFA programs (\$120.0 million);
3. Exempt facilities bonds (\$100.0 million);

4. Qualified small issue bonds for manufacturing companies (\$100.0 million);
5. Student loan bonds (\$116.1 million);
6. Director of DSA's discretionary allocations (\$425.3 million).

Category 5: Tourism Promotion

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				
Fund		ALI and Name	FY 2018	FY 2019
Dedicated Purpose Fund Group				
5MJ0	195683	TourismOhio Administration	\$10,000,000	\$10,000,000
5W50	195690	Travel and Tourism Cooperative Projects	\$150,000	\$150,000
Dedicated Purpose Fund Group Subtotal			\$10,150,000	\$10,150,000
Total Funding: Tourism Promotion			\$10,150,000	\$10,150,000

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 \$10.0 million appropriated in each year will pay for marketing, advertising, public relations, and the development and publication of tourism materials, payroll, and operating costs of the Office. Of the total appropriated, almost \$8.0 million in each year is budgeted for costs of purchased personal services, approximately \$1.2 million for supplies and maintenance, and about \$850,000 for office personnel. For at least FY 2018, the funding source is a cash transfer from the GRF to the Tourism Fund (Fund 5MJ0).

H.B. 49 Provision – FY 2019 Funding for the Office of TourismOhio

Since the five-year TourismOhio funding mechanism is slated to end in FY 2018, H.B. 49 includes a provision (Section 512.60 of the bill) that allows this funding method to continue for FY 2019. The bill, however, limits the transfer amount from the GRF in FY 2019 to not exceed the amount transferred in FY 2018. H.B. 49 thus enables DSA to continue the current method of funding, if this method is selected for FY 2019.

Travel and Tourism Cooperative Projects (195690)

H.B. 49 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 in the bill would allow receipts of up to that amount to be spent on special tourism partnership projects.

Category 6: Debt Service

This category of appropriations provides GRF funding for debt service on three types of GO 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 2018	FY 2019
General Revenue Fund				
GRF	195901	Coal Research & Development General Obligation Bond Debt Service	\$6,319,500	\$7,820,600
GRF	195905	Third Frontier Research & Development General Obligation Bond Debt Service	\$85,574,000	\$89,782,300
GRF	195912	Job Ready Site Development General Obligation Bond Debt Service	\$11,092,900	\$12,380,400
General Revenue Fund Subtotal			\$102,986,400	\$109,983,300
Total Funding: Debt Service			\$102,986,400	\$109,983,300

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

H.B. 49 appropriates \$6.3 million in FY 2018 and \$7.8 million in FY 2019 for debt service on these GO 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 R&D.**"

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

H.B. 49 appropriates \$85.6 million in FY 2018 and \$89.8 million in FY 2019 for this line item, which funds the repayment of GO bonds issued by the Ohio Public Facilities Commission for line items 195687 and 195692. See "**Category 2: Technology and R&D**" for a discussion 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 GO 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. 49 appropriates approximately \$11.1 million in FY 2018 and \$12.4 million in FY 2019 for debt service payments due on these bonds.

Category 7: Administration

This category 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 the divisions.

Appropriations for Administration				
Fund		ALI and Name	FY 2018	FY 2019
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 \$10.8 million in each fiscal year primarily covers 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. Spending in FY 2017 for these purposes was approximately \$10.2 million; thus, the FY 2018 appropriation represents about a 6.3% increase. Most of this increase is for a budgeted rise in supplies and maintenance costs for FY 2018.

Development Services Reimbursable Expenditures (195636)

This line item receives appropriations of \$700,000 in each fiscal year under H.B. 49. 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.

FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2016	FY 2017	Appropriations FY 2018	FY 2017 to FY 2018		Appropriations FY 2019	FY 2018 to FY 2019	
						\$ Change	% Change		\$ Change	% Change
Report For Main Operating Appropriations Bill					Version: As Enacted					
DEV	Development Services Agency									
GRF	195402	Coal Research and Development Program	\$ 219,933	\$ 239,280	\$ 227,368	(\$11,912)	-4.98%	\$ 227,368	\$ 0	0.00%
GRF	195405	Minority Business Development	\$ 1,767,134	\$ 1,719,276	\$ 1,696,358	(\$22,918)	-1.33%	\$ 1,696,358	\$ 0	0.00%
GRF	195407	Travel and Tourism	\$ 828,674	\$ 947,240	\$ 0	(\$947,240)	-100.00%	\$ 0	\$ 0	N/A
GRF	195412	Rapid Outreach Grants	\$0	\$ 270,000	\$ 0	(\$270,000)	-100.00%	\$ 0	\$ 0	N/A
GRF	195415	Business Development Services	\$ 1,857,629	\$ 2,289,541	\$ 3,208,941	\$ 919,400	40.16%	\$ 3,208,941	\$ 0	0.00%
GRF	195426	Redevelopment Assistance	\$ 1,594,732	\$ 643,087	\$ 824,500	\$ 181,413	28.21%	\$ 1,067,000	\$ 242,500	29.41%
GRF	195434	Industrial Training Grants	\$ 498,531	\$ 97,111	\$ 0	(\$97,111)	-100.00%	\$0	\$0	N/A
GRF	195453	Technology Programs and Grants	\$ 6,109,155	\$ 11,634,295	\$ 13,599,956	\$ 1,965,661	16.90%	\$ 13,349,956	(\$250,000)	-1.84%
GRF	195454	Small Business and Export Assistance	\$ 2,062,444	\$ 2,822,646	\$ 3,057,174	\$ 234,528	8.31%	\$ 3,057,174	\$ 0	0.00%
GRF	195455	Appalachian Workforce Assistance	\$ 1,460,978	\$ 3,665,493	\$ 3,422,000	(\$243,493)	-6.64%	\$ 3,422,000	\$ 0	0.00%
GRF	195497	CDBG Operating Match	\$ 1,053,200	\$ 1,053,200	\$ 1,021,604	(\$31,596)	-3.00%	\$ 1,021,604	\$ 0	0.00%
GRF	195501	iBELIEVE	\$ 35,000	\$0	\$ 100,000	\$ 100,000	N/A	\$ 100,000	\$ 0	0.00%
GRF	195503	Local Development Projects	\$0	\$0	\$ 150,000	\$ 150,000	N/A	\$ 150,000	\$ 0	0.00%
GRF	195530	Economic Gardening Pilot Program	\$ 412,538	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
GRF	195532	Technology Programs and Grants	\$ 8,990,334	\$ 3,087,213	\$ 0	(\$3,087,213)	-100.00%	\$ 0	\$ 0	N/A
GRF	195533	Business Assistance	\$ 1,143,176	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
GRF	195535	Appalachia Assistance	\$ 3,742,164	\$ 326,130	\$ 0	(\$326,130)	-100.00%	\$ 0	\$ 0	N/A
GRF	195537	Ohio-Israel Agricultural Initiative	\$ 157,626	\$ 222,146	\$ 250,000	\$ 27,854	12.54%	\$ 250,000	\$ 0	0.00%
GRF	195540	Port Authority Assistance	\$0	\$ 2,500,000	\$0	(\$2,500,000)	N/A	\$0	\$0	N/A
GRF	195549	Pathway Pilot Project	\$ 4,643	\$ 50,817	\$ 0	(\$50,817)	-100.00%	\$ 0	\$ 0	N/A
GRF	195901	Coal Research and Development General Obligation Bond Debt Service	\$ 5,976,874	\$ 6,301,909	\$ 6,319,500	\$ 17,591	0.28%	\$ 7,820,600	\$ 1,501,100	23.75%
GRF	195905	Third Frontier Research and Development General Obligation Bond Debt Service	\$ 76,579,215	\$ 87,647,203	\$ 85,574,000	(\$2,073,203)	-2.37%	\$ 89,782,300	\$ 4,208,300	4.92%
GRF	195912	Job Ready Site Development General Obligation Bond Debt Service	\$ 19,381,547	\$ 11,137,995	\$ 11,092,900	(\$45,095)	-0.40%	\$ 12,380,400	\$ 1,287,500	11.61%
Sub-Total General Revenue Fund			\$ 133,875,528	\$ 136,654,581	\$ 130,544,301	(\$6,110,280)	-4.47%	\$ 137,533,701	\$ 6,989,400	5.35%
4500	195624	Minority Business Bonding Program Administration	\$ 1,500	\$0	\$ 74,905	\$ 74,905	N/A	\$ 74,905	\$ 0	0.00%
4510	195649	Business Assistance Programs	\$ 3,510,093	\$ 2,697,442	\$ 4,000,000	\$ 1,302,558	48.29%	\$ 4,000,000	\$ 0	0.00%

FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2016	FY 2017	Appropriations FY 2018	FY 2017 to FY 2018		Appropriations FY 2019	FY 2018 to FY 2019	
						\$ Change	% Change		\$ Change	% Change
DEV	Development Services Agency									
4F20	195639	State Special Projects	\$0	\$0	\$ 102,104	\$ 102,104	N/A	\$ 102,104	\$ 0	0.00%
4F20	195657	Motors Liquidators Corp Trust	\$ 1,961,367	\$ 950,115	\$ 0	(\$950,115)	-100.00%	\$ 0	\$ 0	N/A
4F20	195699	Utility Community Assistance	\$ 23,365	\$ 132,913	\$ 500,000	\$ 367,087	276.19%	\$ 500,000	\$ 0	0.00%
4W10	195646	Minority Business Enterprise Loan	\$ 563,532	\$ 1,451,938	\$ 4,000,000	\$ 2,548,062	175.49%	\$ 4,000,000	\$ 0	0.00%
5AD0	195633	Legacy Projects	\$ 25,380	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
5AD0	195677	Economic Development Contingency	\$ 346,520	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
5CG0	195679	Alternative Fuel Transportation	\$ 33,360	\$ 49,302	\$ 2,000,000	\$ 1,950,698	3,956.64%	\$ 2,000,000	\$ 0	0.00%
5HR0	195403	Appalachian Workforce Assistance	\$0	\$0	\$ 4,140,018	\$ 4,140,018	N/A	\$ 4,140,018	\$ 0	0.00%
5HR0	195526	Incumbent Workforce Training Vouchers	\$ 16,515,145	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
5HR0	195622	Defense Development Assistance	\$ 2,821,962	\$ 2,685,866	\$ 400,000	(\$2,285,866)	-85.11%	\$ 400,000	\$ 0	0.00%
5HR0	195662	Incumbent Workforce Training Vouchers	\$ 530,715	\$ 5,127,705	\$ 1,250,000	(\$3,877,705)	-75.62%	\$ 1,250,000	\$ 0	0.00%
5JR0	195635	Tax Incentives Operating	\$ 51,198	\$ 59,175	\$ 800,000	\$ 740,825	1,251.92%	\$ 800,000	\$ 0	0.00%
5KN0	195640	Local Government Innovation	\$ 5,363,793	\$ 4,768,470	\$ 0	(\$4,768,470)	-100.00%	\$ 0	\$ 0	N/A
5KP0	195645	Historic Rehabilitation Operating	\$ 838,864	\$ 812,318	\$ 1,000,000	\$ 187,682	23.10%	\$ 1,000,000	\$ 0	0.00%
5LU0	195673	Racetrack Facility Community Economic Redevelopment	\$ 649,164	\$ 4,258,599	\$ 0	(\$4,258,599)	-100.00%	\$ 0	\$ 0	N/A
5M40	195659	Low Income Energy Assistance (USF)	\$ 333,400,269	\$ 284,774,682	\$ 370,000,000	\$ 85,225,318	29.93%	\$ 370,000,000	\$ 0	0.00%
5M50	195660	Advanced Energy Loan Programs	\$ 5,508,961	\$ 5,058,892	\$ 10,000,000	\$ 4,941,108	97.67%	\$ 10,000,000	\$ 0	0.00%
5MB0	195623	Business Incentive Grants	\$ 1,017,207	\$ 1,267,594	\$ 0	(\$1,267,594)	-100.00%	\$ 0	\$ 0	N/A
5MB0	195637	Workforce Training Grant	\$ 243,051	\$ 215,246	\$ 0	(\$215,246)	-100.00%	\$ 0	\$ 0	N/A
5MH0	195644	SiteOhio Administration	\$0	\$0	\$ 25,000	\$ 25,000	N/A	\$ 25,000	\$ 0	0.00%
5MJ0	195683	TourismOhio Administration	\$ 11,280,077	\$ 8,046,178	\$ 10,000,000	\$ 1,953,822	24.28%	\$ 10,000,000	\$ 0	0.00%
5MK0	195600	Vacant Facilities Grant	\$ 6,500	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
5NS0	195616	Career Exploration Internship	\$ 43,083	\$ 60,146	\$ 0	(\$60,146)	-100.00%	\$ 0	\$ 0	N/A
5RD0	195666	Local Government Safety Capital Grant Program	\$0	\$ 5,773,076	\$ 0	(\$5,773,076)	-100.00%	\$ 0	\$ 0	N/A
5SA3	195678	Local Public Enhancement	\$0	\$ 31,210	\$0	(\$31,210)	N/A	\$0	\$0	N/A
5W50	195690	Travel and Tourism Cooperative Projects	\$0	\$0	\$ 150,000	\$ 150,000	N/A	\$ 150,000	\$ 0	0.00%
5W60	195691	International Trade Cooperative Projects	\$ 18,000	\$ 1,241	\$ 18,000	\$ 16,759	1,350.06%	\$ 18,000	\$ 0	0.00%
6170	195654	Volume Cap Administration	\$ 18,703	\$ 30,323	\$ 32,562	\$ 2,239	7.38%	\$ 32,562	\$ 0	0.00%
6460	195638	Low- and Moderate-Income Housing Programs	\$ 55,807,649	\$ 45,486,596	\$ 53,000,000	\$ 7,513,404	16.52%	\$ 53,000,000	\$ 0	0.00%

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All Fund Groups

Line Item Detail by Agency			FY 2016	FY 2017	Appropriations FY 2018	FY 2017 to FY 2018		Appropriations FY 2019	FY 2018 to FY 2019	
						\$ Change	% Change		\$ Change	% Change
DEV Development Services Agency										
M087	195435	Biomedical Research and Technology Transfer	\$ 2,565,421	\$ 2,526,625	\$ 500,000	(\$2,026,625)	-80.21%	\$ 500,000	\$ 0	0.00%
Sub-Total Dedicated Purpose Fund Group			\$ 443,144,879	\$ 376,265,650	\$ 461,992,589	\$ 85,726,939	22.78%	\$ 461,992,589	\$ 0	0.00%
1350	195684	Development Services Operations	\$ 10,035,582	\$ 10,163,293	\$ 10,800,000	\$ 636,707	6.26%	\$ 10,800,000	\$ 0	0.00%
6850	195636	Development Services Reimbursable Expenditures	\$ 605,132	\$ 65,590	\$ 700,000	\$ 634,410	967.23%	\$ 700,000	\$ 0	0.00%
Sub-Total Internal Service Activity Fund Group			\$ 10,640,714	\$ 10,228,883	\$ 11,500,000	\$ 1,271,117	12.43%	\$ 11,500,000	\$ 0	0.00%
5S90	195628	Capital Access Loan Program	\$ 924,021	\$ 340,039	\$ 2,500,000	\$ 2,159,961	635.21%	\$ 2,500,000	\$ 0	0.00%
7008	195698	Logistics and Distribution Infrastructure	\$ 1,409,966	\$ 2,126,473	\$ 0	(\$2,126,473)	-100.00%	\$ 0	\$ 0	N/A
7009	195664	Innovation Ohio	\$ 3,276,002	\$ 1,163,401	\$ 5,000,000	\$ 3,836,599	329.77%	\$ 5,000,000	\$ 0	0.00%
7010	195665	Research and Development	\$ 2,014,733	\$ 3,000,300	\$ 5,000,000	\$ 1,999,700	66.65%	\$ 5,000,000	\$ 0	0.00%
7037	195615	Facilities Establishment	\$ 6,950,035	\$ 4,285,733	\$ 25,000,000	\$ 20,714,267	483.33%	\$ 25,000,000	\$ 0	0.00%
Sub-Total Facilities Establishment Fund Group			\$ 14,574,758	\$ 10,915,947	\$ 37,500,000	\$ 26,584,054	243.53%	\$ 37,500,000	\$ 0	0.00%
7011	195617	Third Frontier Internship Program	\$ 21,836	\$ 390,929	\$ 0	(\$390,929)	-100.00%	\$ 0	\$ 0	N/A
7011	195686	Third Frontier Tax Exempt - Operating	\$ 745,246	\$ 292,655	\$ 750,000	\$ 457,345	156.27%	\$ 750,000	\$ 0	0.00%
7011	195687	Third Frontier Research and Development Projects	\$ 14,857,431	\$ 10,891,535	\$ 20,000,000	\$ 9,108,465	83.63%	\$ 20,000,000	\$ 0	0.00%
7014	195620	Third Frontier Taxable - Operating	\$ 460,526	\$ 765,154	\$ 1,710,000	\$ 944,846	123.48%	\$ 1,710,000	\$ 0	0.00%
7014	195692	Research and Development Taxable Bond Projects	\$ 44,033,530	\$ 60,407,482	\$ 90,850,250	\$ 30,442,768	50.40%	\$ 90,850,250	\$ 0	0.00%
Sub-Total Bond Research and Development Fund Group			\$ 60,118,570	\$ 72,747,755	\$ 113,310,250	\$ 40,562,495	55.76%	\$ 113,310,250	\$ 0	0.00%
7003	195663	Clean Ohio Revitalization Operating	\$ 469,459	\$ 392,906	\$ 600,000	\$ 207,094	52.71%	\$ 0	(\$600,000)	-100.00%
7012	195688	Job Ready Site Development Operating	\$ 197,974	\$ 262,299	\$ 0	(\$262,299)	-100.00%	\$ 0	\$ 0	N/A
Sub-Total Capital Projects Fund Group			\$ 667,433	\$ 655,205	\$ 600,000	(\$55,205)	-8.43%	\$ 0	(\$600,000)	-100.00%
3080	195602	Appalachian Regional Commission	\$ 14,845	\$ 39,976	\$ 0	(\$39,976)	-100.00%	\$ 0	\$ 0	N/A
3080	195603	Housing Assistance Programs	\$ 6,390,850	\$ 8,018,436	\$ 12,000,000	\$ 3,981,564	49.66%	\$ 12,000,000	\$ 0	0.00%
3080	195609	Small Business Administration Grants	\$ 4,108,685	\$ 4,020,358	\$ 5,271,381	\$ 1,251,023	31.12%	\$ 5,271,381	\$ 0	0.00%
3080	195618	Energy Grants	\$ 950,845	\$ 2,654,790	\$ 4,000,000	\$ 1,345,210	50.67%	\$ 4,000,000	\$ 0	0.00%
3080	195670	Home Weatherization Program	\$ 11,990,311	\$ 12,226,994	\$ 20,000,000	\$ 7,773,006	63.57%	\$ 20,000,000	\$ 0	0.00%
3080	195671	Brownfield Redevelopment	\$ 173,375	\$ 443,192	\$ 3,000,000	\$ 2,556,808	576.91%	\$ 3,000,000	\$ 0	0.00%
3080	195672	Manufacturing Extension Partnership	\$ 5,547,869	\$ 5,418,176	\$ 5,500,000	\$ 81,824	1.51%	\$ 5,500,000	\$ 0	0.00%
3080	195675	Procurement Technical Assistance	\$ 1,073,369	\$ 684,309	\$ 750,000	\$ 65,691	9.60%	\$ 750,000	\$ 0	0.00%
3080	195681	SBDC Disability Consulting	\$ 124,253	\$ 0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A

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All Fund Groups

Line Item Detail by Agency			FY 2016	FY 2017	Appropriations FY 2018	FY 2017 to FY 2018		Appropriations FY 2019	FY 2018 to FY 2019	
						\$ Change	% Change		\$ Change	% Change
DEV	Development Services Agency									
3080	195696	State Trade and Export Promotion	\$ 403,684	\$ 617,667	\$ 800,000	\$ 182,333	29.52%	\$ 800,000	\$ 0	0.00%
3350	195610	Energy Programs	\$ 53,564	\$ 139,945	\$ 200,000	\$ 60,055	42.91%	\$ 200,000	\$ 0	0.00%
3AE0	195643	Workforce Development Initiatives	\$ 658,035	\$ 726,950	\$ 800,000	\$ 73,050	10.05%	\$ 800,000	\$ 0	0.00%
3FJ0	195626	Small Business Capital Access and Collateral Enhancement Program	\$ 5,659,879	\$ 4,731,896	\$ 5,644,445	\$ 912,549	19.29%	\$ 5,644,445	\$ 0	0.00%
3FJ0	195661	Technology Targeted Investment Program	\$ 1,463,946	\$ 17,550	\$ 2,260,953	\$ 2,243,403	12,782.92%	\$ 2,260,953	\$ 0	0.00%
3K80	195613	Community Development Block Grant	\$ 39,309,011	\$ 40,608,698	\$ 60,000,000	\$ 19,391,302	47.75%	\$ 60,000,000	\$ 0	0.00%
3K90	195611	Home Energy Assistance Block Grant	\$ 158,099,212	\$ 132,269,927	\$ 175,000,000	\$ 42,730,073	32.31%	\$ 175,000,000	\$ 0	0.00%
3K90	195614	HEAP Weatherization	\$ 22,786,204	\$ 21,334,691	\$ 25,000,000	\$ 3,665,309	17.18%	\$ 25,000,000	\$ 0	0.00%
3L00	195612	Community Services Block Grant	\$ 28,388,917	\$ 23,751,831	\$ 28,000,000	\$ 4,248,169	17.89%	\$ 28,000,000	\$ 0	0.00%
3V10	195601	HOME Program	\$ 23,415,553	\$ 22,370,363	\$ 25,000,000	\$ 2,629,637	11.76%	\$ 25,000,000	\$ 0	0.00%
Sub-Total Federal Fund Group			\$ 310,612,406	\$ 280,075,751	\$ 373,226,779	\$ 93,151,028	33.26%	\$ 373,226,779	\$ 0	0.00%
Development Services Agency Total			\$ 973,634,289	\$ 887,543,772	\$ 1,128,673,919	\$ 241,130,147	27.17%	\$ 1,135,063,319	\$ 6,389,400	0.57%
Grand Total			\$ 973,634,289	\$ 887,543,772	\$ 1,128,673,919	\$ 241,130,147	27.17%	\$ 1,135,063,319	\$ 6,389,400	0.57%