

LSC Greenbook

Analysis of the Enacted Budget

**Commissioners
of the Sinking Fund**

Ruhaiza Ridzwan, Senior Economist
Legislative Service Commission

August 2015

TABLE OF CONTENTS

OVERVIEW	1
Agency Overview.....	1
Appropriation Overview	2
ANALYSIS OF ENACTED BUDGET	3
Introduction	3
General Obligation Debt Retirement Funds	3
Third Frontier Research and Development Bond Retirement Fund (155905).....	3
Highway Capital Improvement Bond Retirement Fund (155902).....	4
Natural Resources Bond Retirement Fund (155903).....	4
Conservation Projects Bond Retirement Fund (155904).....	4
Coal Research and Development Bond Retirement Fund (155906).....	4
State Capital Improvement Bond Retirement Fund (155907).....	5
Common Schools Bond Retirement Fund (155908)	5
Higher Education Bond Retirement Fund (155909).....	5
Persian Gulf, Afghanistan, and Iraq Conflicts Bond Retirement Fund (155901)	5
Job Ready Site Development Bond Retirement Fund (155912).....	5

ATTACHMENT:

Budget Spreadsheet By Line Item

Commissioners of the Sinking Fund

- Appropriations to the Commissioners of the Sinking Fund support debt service payments and costs for Ohio's general obligation bonds
- The Sinking Fund receives its operating funds through a GRF line item in the Treasurer of State's budget

OVERVIEW

Agency Overview

The board of Commissioners of the Sinking Fund consists of five members. The Auditor of State serves as the president of the board and the Secretary of State serves as the secretary. The remaining three members are the Governor, the Treasurer of State, and the Attorney General. The Sinking Fund has an office in the Treasurer of State's office and receives its operating funds through a GRF line item in the Treasurer of State's operating budget (090401). (Please see the Treasurer of State's Greenbook for details.)

The Commissioners of the Sinking Fund administer the debt service payments and administrative expenses related to state general obligation bonds issued for the following purposes: primary and secondary education facilities, higher education facilities, coal research and development, parks and natural resources capital improvements, conservation projects, local infrastructure projects, Third Frontier research and development, site development for business, highways, and bonus compensation for veterans who served during the Persian Gulf, Afghanistan, and Iraq conflicts.

The Sinking Fund is also required under the Ohio Constitution and Revised Code to prepare and publish a semiannual report, which includes financial statements of the state's general obligation bonds, debt service requirements, and funding sources.

The budget appropriates \$1,160.4 million for FY 2016. This is a 3.9% increase from the actual expenditures for FY 2015. The budget appropriates \$1,226.1 million for FY 2017, which is a 5.7% increase compared to the appropriation for FY 2016.

Appropriation Overview

The following table provides the total appropriations by fund group for the Commissioners of the Sinking Fund for the FY 2016-FY 2017 biennium.

Appropriations by Fund Group, FY 2016-FY 2017					
Fund Group	FY 2015*	FY 2016	% change, FY 2015-FY 2016	FY 2017	% change, FY 2016-FY 2017
Debt Service	\$1,116,723,933	\$1,160,357,700	3.9%	\$1,226,079,300	5.7%
TOTAL	\$1,116,723,933	\$1,160,357,700	3.9%	\$1,226,079,300	5.7%

*FY 2015 figures represent actual expenditures.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the enacted budget for each appropriation item in the Commissioners of the Sinking Fund (CSF) budget.

General Obligation Debt Retirement Funds

The Commissioners of the Sinking Fund manage and pay debt service and other associated costs on the general obligation bonds that are authorized by the state constitution and the legislature for specific purposes as shown in the following table.

Appropriations for General Obligation Debt Retirement Funds				
Fund	ALI and Name		FY 2016	FY 2017
Debt Service Fund Group				
7070	155905	Third Frontier Research and Development Bond Retirement Fund	\$79,091,400	\$98,712,000
7072	155902	Highway Capital Improvement Bond Retirement Fund	\$119,937,500	\$134,101,700
7073	155903	Natural Resources Bond Retirement Fund	\$27,079,900	\$26,074,400
7074	155904	Conservation Projects Bond Retirement Fund	\$34,674,900	\$39,225,700
7076	155906	Coal Research and Development Bond Retirement Fund	\$5,991,400	\$5,038,700
7077	155907	State Capital Improvement Bond Retirement Fund	\$234,437,400	\$235,303,200
7078	155908	Common Schools Bond Retirement Fund	\$375,706,700	\$386,754,800
7079	155909	Higher Education Bond Retirement Fund	\$254,970,800	\$261,789,500
7080	155901	Persian Gulf, Afghanistan, and Iraq Conflicts Bond Retirement Fund	\$9,083,700	\$23,343,400
7090	155912	Job Ready Site Development Bond Retirement Fund	\$19,384,000	\$15,735,900
Debt Service Fund Group Subtotal			\$1,160,357,700	\$1,226,079,300
Total Funding: General Obligation Debt Retirement Funds			\$1,160,357,700	\$1,226,079,300

The budget specifies appropriation amounts for each line item for each year, but it also includes language that appropriates additional amounts if needed to make required debt service payments during the next biennium.

Third Frontier Research and Development Bond Retirement Fund (155905)

This line item pays debt service on bonds issued to provide funding for local government infrastructure, support research and development applicable to high tech business, and enhance business site development. The bonds are issued under the authority of the Ohio Constitution, Article VII, Section 2p. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 195905, Third Frontier Research & Development General Obligation Debt Service, in the Development Services Agency's budget.

Highway Capital Improvement Bond Retirement Fund (155902)

This line item finances the retirement of debt that has been issued for the purpose of paying costs of construction, reconstruction, or other improvements of highways, including those on the state highway system and urban extensions thereof, those within or leading to public parks or recreation areas, and those within or leading to municipal corporations. The debt is issued under the authority of the Ohio Constitution, Article VIII, Section 2m. Not more than \$220 million in bonds may be issued in any fiscal year and not more than \$1.2 billion principal amount may be outstanding at any time. Bond maturity cannot exceed 30 years. Funds to pay the debt service are transferred to this non-GRF account from the Highway Operating Fund (Fund 7002) in the Department of Transportation's budget.

Natural Resources Bond Retirement Fund (155903)

This line item pays debt service on bonds issued to finance capital improvements related to: state and local parks and land and water recreation facilities; soil and water restoration and protection; land management, including preservation of natural areas and reforestation; water management, including dam safety; stream and lake management; and other projects that enhance the use and enjoyment of Ohio's natural resources. The bonds are issued under the authority of the Ohio Constitution, Article VIII, Section 2l. Not more than \$50 million in bonds may be issued within any single calendar year, and no more than \$200 million may be outstanding at any one time. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 725903, Natural Resources General Obligation Debt Service, in the Department of Natural Resources' budget.

Conservation Projects Bond Retirement Fund (155904)

This line item pays debt service on bonds issued to provide moneys for conservation purposes. The bonds are issued under the authority of the Ohio Constitution, Article VIII, Sections 2o and 2q. Not more than \$50 million in bonds may be issued within any single calendar year, and no more than \$200 million may be outstanding at any one time. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 150904, Conservation General Obligation Debt Service, in the Public Works Commission's budget.

Coal Research and Development Bond Retirement Fund (155906)

This line item pays debt service on bonds issued to provide moneys for financial assistance for research and development of coal technology that will encourage the use of Ohio coal. The bonds were issued under the authority of the Ohio Constitution, Article VIII, Section 15. Not more than \$100 million in bonds may be outstanding in any single calendar year. Funds to pay the debt service are transferred to this non-GRF

account from GRF line item 195901, Coal Research and Development General Obligation Debt Service, in the Development Services Agency's budget.

State Capital Improvement Bond Retirement Fund (155907)

This line item pays debt service on bonds issued to provide moneys for local infrastructure projects financed by the Public Works Commission under the authority of the Ohio Constitution, Article VIII, Sections 2p and 2s. Funding comes from GRF line item 150907, Infrastructure Improvement General Obligation Debt Service, under the budget for the Public Works Commission.

Common Schools Bond Retirement Fund (155908)

This line item pays debt service on bonds issued to provide moneys for common schools. The bonds are issued under the authority of the Ohio Constitution, Article VIII, Section 2n. Funding comes from GRF line item 230908, Common Schools General Obligation Debt Service, in the Ohio Facilities Construction Commission's budget.

Higher Education Bond Retirement Fund (155909)

This line item pays debt service on bonds issued to provide moneys for higher education. The bonds are issued under the authority of the Ohio Constitution, Article VIII, Section 2n. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 235909, Higher Education General Obligation Debt Service, in the budget for the Department of Higher Education (formerly the Board of Regents).

Persian Gulf, Afghanistan, and Iraq Conflicts Bond Retirement Fund (155901)

This line item pays debt service on bonds issued to provide compensation for veterans of the Persian Gulf, Afghanistan, and Iraq conflicts. The bonds are issued under the authority of the Ohio Constitution, Article VIII, Section 2r. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 900901, Veterans Compensation General Obligation Bond Debt Service, in the budget for the Department of Veterans Services.

Job Ready Site Development Bond Retirement Fund (155912)

This line item pays debt service on bonds issued to provide moneys for Third Frontier Job Ready Site Development purposes. The bonds are issued under the authority of the Ohio Constitution, Article VIII, Section 2p. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 195912, Job Ready Site Development General Obligation Debt Service, in the Development Services Agency's budget.

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
Report For Main Operating Appropriations Bill			Version: As Enacted					
CSF Commissioners of Sinking Fund								
7070	155905	Third Frontier Research and Development Bond Retirement Fund	\$ 66,225,239	\$ 76,412,978	\$ 79,091,400	3.51%	\$ 98,712,000	24.81%
7072	155902	Highway Capital Improvement Bond Retirement Fund	\$ 132,647,900	\$ 140,303,120	\$ 119,937,500	-14.52%	\$ 134,101,700	11.81%
7073	155903	Natural Resources Bond Retirement Fund	\$ 24,277,249	\$ 23,892,901	\$ 27,079,900	13.34%	\$ 26,074,400	-3.71%
7074	155904	Conservation Projects Bond Retirement Fund	\$ 29,456,810	\$ 33,337,891	\$ 34,674,900	4.01%	\$ 39,225,700	13.12%
7076	155906	Coal Research and Development Bond Retirement Fund	\$ 2,836,513	\$ 3,023,671	\$ 5,991,400	98.15%	\$ 5,038,700	-15.90%
7077	155907	State Capital Improvement Bond Retirement Fund	\$ 221,413,050	\$ 221,679,353	\$ 234,437,400	5.76%	\$ 235,303,200	0.37%
7078	155908	Common Schools Bond Retirement Fund	\$ 345,687,631	\$ 339,057,085	\$ 375,706,700	10.81%	\$ 386,754,800	2.94%
7079	155909	Higher Education Bond Retirement Fund	\$ 219,791,369	\$ 250,854,652	\$ 254,970,800	1.64%	\$ 261,789,500	2.67%
7080	155901	Persian Gulf, Afghanistan, and Iraq Conflicts Bond Retirement Fund	\$ 7,197,806	\$ 9,133,859	\$ 9,083,700	-0.55%	\$ 23,343,400	156.98%
7090	155912	Job Ready Site Development Bond Retirement Fund	\$ 15,285,962	\$ 19,028,424	\$ 19,384,000	1.87%	\$ 15,735,900	-18.82%
Debt Service Fund Group Total			\$ 1,064,819,529	\$ 1,116,723,933	\$ 1,160,357,700	3.91%	\$ 1,226,079,300	5.66%
Commissioners of Sinking Fund Total			\$ 1,064,819,529	\$ 1,116,723,933	\$ 1,160,357,700	3.91%	\$ 1,226,079,300	5.66%