Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
77 South High Street, 9th Floor, Columbus, OH 43215-6136 ✧ Phone: (614) 466-3615
✧ *Internet Web Site:* http://www.lsc.state.oh.us/

BILL: **Am. Sub. H.B. 562** DATE: **May 23, 2008**

STATUS: **As Passed by the House** SPONSOR: **Rep. Hottinger**

LOCAL IMPACT STATEMENT REQUIRED: **No — Not required for budget bills**

CONTENTS: **To make capital and other appropriations and to provide authorization and conditions for the operation of state programs**

This bill makes capital appropriations for the FY 2009-FY 2010 biennium and adjusts various operating appropriations for the FY 2008-FY 2009 biennium. It also makes a variety of statutory changes affecting the operation of state programs. The attached *Analysis of the Capital Budget for the FY 2009-FY 2010 Biennium* provides summary reports and detailed information on capital appropriations. This fiscal note focuses on the fiscal effects of noncapital appropriation-related provisions. Due to its complexity, the fiscal note is divided into the following six sections based primarily on the functions of state agencies that are affected by the bill:

Section 1: General Government
Section 2: Health and Human Services
Section 3: Education
Section 4: Judiciary
Section 5: Taxation and Public Utilities
Section 6: Budget Stabilization Fund Transfers

Section 1: General Government

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
General Revenue Fund			
Revenues	Gain of $50 million from authorized transfers from non-GRF funds		- 0 -
	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential decrease of $17.4 million in agency payroll costs if Governor suspends exempt employee pay raises	- 0 -
	- 0 -	Increase up to $3 million for Secretary of State county absent voter ballot mailing reimbursement program	- 0 -
	Decrease of $1.7 million in Department of Transportation earmark adjustments	- 0 -	- 0 -
	- 0 -	Potential payroll savings in the hundreds of thousands of dollars annually for ceasing Medicare Part B premium reimbursements to state employees	
	- 0 -	Increase of $144,612 for Capitol Square Review and Advisory Board and corresponding decrease for Ohio Historical Society to transfer Statehouse tour program activities to Capitol Square Review and Advisory Board	- 0 -
Mine Safety Fund (Fund 5X80 – New Fund) – Department of Natural Resources			
Revenues	- 0 -	Gain of approximately $5.5 million in transfers from BWC's Coal Workers' Pneumoconiosis Fund	Potential gain from BWC's Coal Workers' Pneumoconiosis Fund and/or other sources to be determined by DNR
Expenditures	- 0 -	Increase of approximately $5.5 million for start-up and capital costs and mine safety program operation	Approximately $2.8 million for mine safety program operation

Mining Regulation Fund (Fund 5B30) – Department of Natural Resources Surface Mining Fund (Fund 5270)			
Revenues	- 0 -	Potential minimal gain	Potential minimal gain
Expenditures	- 0 -	- 0 -	- 0 -
Highway Operating Fund (Fund 7002) – Department of Transportation			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase of $200,000 – earmark for West Creek Project (Cleveland)	- 0 -	- 0 -
Transit Capital Fund (Fund 5E70) – Department of Transportation			
Revenues	- 0 -	Loss of $5 million	- 0 -
Expenditures	- 0 -	Decrease of $5 million	- 0 -
Coal Workers' Pneumoconiosis Fund – Bureau of Workers' Compensation			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Transfer-out of $5.5 million in investment income to the DNR Mine Safety Fund	Potential transfers-out of investment income to the DNR Mine Safety Fund
Safety and Hygiene Operating Fund (Fund 8090) – Bureau of Workers' Compensation			
Revenues	$2.5 million gain	- 0 -	- 0 -
Expenditures	$2.5 million increase	- 0 -	- 0 -
State Insurance Fund – Bureau of Workers' Compensation			
Revenues	- 0 -	Loss in premium collections from exempt longshore and harbor employers	Loss in premium collections from exempt longshore and harbor employers
Expenditures	- 0 -	Decrease in benefits paid to exempt employers	Decrease in benefits paid to exempt employers
Workers' Compensation Fund (Fund 7023) – Bureau of Workers' Compensation			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal decrease in administrative costs	Potential minimal decrease in administrative costs
Public Audit Expense – Intrastate Fund (Fund 1090) – Auditor of State			
Revenues	Potential gain in penalty assessment collections	Potential gain in penalty assessment collections	Potential gain in penalty assessment collections
Expenditures	Potential decrease in collection costs	Potential decrease in collection costs	Potential decrease in collection costs
Undivided Liquor Permit Fund (Fund 7066) – Department of Commerce			
Revenues	- 0 -	Potential gain from various liquor permits	Potential gain from various liquor permits
Expenditures	- 0 -	Potential increase in transfers-out to GRF, ODADAS Fund 4750, and local governments	Potential increase in transfers-out to GRF, ODADAS Fund 4750, and local governments
Real Estate Operating Fund (Fund 5490) – Department of Commerce			
Revenues	- 0 -	Potential minimal gain	Potential minimal gain
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

<u>Transfers and other budget adjustments</u>

- ***Additional transfers to the GRF of non-GRF funds*.** The bill increases from $70 million to $120 million the amount that the Director of Budget and Management may transfer from non-GRF funds not constitutionally restricted to the GRF over the FY 2008-FY 2009 biennium.

- ***Suspension of pay raise for exempt employees*.** The bill permits the Governor, by executive order, to suspend the 3.5% pay increases for exempt employees scheduled to take effect July 1, 2008. According to the Office of Budget and Management (OBM) estimates, this will save approximately $17.4 million in payroll expenses from the GRF in FY 2009, with expected payroll savings in various other funds as well.

- ***Ohio Department of Transportation (ODOT) GRF earmark modifications*.** The bill eliminates an FY 2008 GRF earmark of $1.5 million for air travel and support and economic development of statewide airports. The bill also changes the funding source for an FY 2008 earmark of $200,000 for the Cleveland Metropolitan Park District West Creek Project from the GRF to the Highway Operating Fund (Fund 7002).

Department of Administrative Services

- ***Medicare Part B premium reimbursements*.** The bill eliminates the requirement that a state agency pay the monthly enrollee premium under Part B of Medicare for state employees and elected state officials who are employed by or serve in the agency, are paid directly by warrant of the Director of Budget and Management, and are 65 years of age or older. Eliminating this requirement may lead to future state agency payroll savings, possibly in the hundreds of thousands of dollars.

Auditor of State

- ***Collectable audit costs*.** The bill clarifies that recoverable costs that may be certified to the Office of Budget and Management include (1) amounts owed to independent public accountants, (2) fees payable for using the Uniform Accounting Network and other local government services provided by the Auditor of State, and (3) outstanding penalties over a year old for delinquent financial reports. This could reduce the Auditor's collection costs and increase penalty revenue to the Public Audit Expense – Intrastate Fund (Fund 1090).

Capitol Square Review and Advisory Board and Ohio Historical Society

- ***Statehouse tour staff*.** The Capitol Square Review and Advisory Board (CSRAB) will receive $12,297 in GRF funds from the Ohio Historical Society (OHS) to cover the costs of conducting Statehouse tours and education programs for the last month of FY 2008. Additionally, CSRAB will assume these costs full-time from OHS in FY 2009, and receives an appropriation increase of $144,612 in FY 2009 for GRF line item 874100, Personal Services, for this purpose. OHS appropriations are decreased by a corresponding amount.

Department of Commerce

- ***Voluntary hold/resigned status for real estate licenses.*** The bill permits a person licensed under the Real Estate Brokers Law to place his or her license on voluntary hold or resigned status. If the person opts to reactivate his or her license, there may be a gain in revenue to the Real Estate Operating Fund (Fund 5490).

- ***Liquor permits.*** The bill creates or modifies a number of liquor permits. As a result, there may be additional liquor permits issued by the Division of Liquor Control. Liquor permit fees are deposited into the Undivided Liquor Permit Fund (Fund 7066) and distributed to the GRF, the Ohio Department of Alcohol and Drug Addiction Services' Statewide Treatment and Prevention Fund (Fund 4750) for treatment and prevention programming, and the local governments where the liquor permits are issued.

Department of Natural Resources

- ***Coal mine safety – Department of Natural Resources (DNR) and Bureau of Workers' Compensation (BWC).*** The new regulatory responsibilities would be handled by DNR's Division of Mineral Resources Management, the bulk of which would be supported by the Mine Safety Fund (Fund 5X80) created in the bill. Projected expenses, including start-up costs are expected to be $5.5 million in FY 2009 and $2.8 million in FY 2010. Future year expenses would depend on the scope of the mine safety program.

- ***Fund transfer.*** The bill requires BWC to transfer funds from the Coal Workers' Pneumoconiosis Fund to the newly established Mine Safety Fund (Fund 5X80) in DNR. The projected transfer is expected to be $5.5 million in FY 2009, and would cover first-year start-up costs for DNR's expanded mine safety program, as well as the costs of DNR's ongoing mine safety responsibilities.

- ***Fees.*** The Mining Regulation Fund (Fund 5B30) could gain minimally from additional examination fees for recertification and retraining of mine forepersons. The Surface Mining Fund (Fund 5270) may also experience similar small gains from additional examination fees for certifying mine medical responders.

Secretary of State

- ***County Mailing Reimbursement.*** The bill creates GRF appropriation item 050-505, County Postage Reimbursement, to reimburse counties for the costs of mailing absentee ballots, and appropriates $3 million for this purpose in FY 2009. Specifies that the Secretary of State must make these funds available to counties in advance of the required mailings for the 2008 general election.

Department of Transportation

- ***Transit Capital Program.*** The bill specifies that up to $5 million in each fiscal year from the Highway Operating Fund (Fund 7002) is to be used by ODOT to fund the Transit Capital Program in conjunction with funding in ODOT's budget under the Ohio Public Transportation Grant Program. Originally, these funds were to have been transferred to the Transit Capital Fund (Fund 5E70) for this purpose.

Bureau of Workers' Compensation

- ***Longshoreman and harbor workers' exemption*.** The state insurance fund would experience a drop in premiums from Longshore Act employers who choose to opt out of the state system. However, the fund would also no longer have to pay benefits to affected workers. BWC would also likely experience a minimal decrease in administrative costs if it no longer would have to administer this type of coverage.

- ***Safety Grants Program*.** The bill increases the FY 2009 appropriation for line item 855610, Safety Grants Program, from $4 million to $6.5 million. This allows for additional grants to employers for research and prevention of cumulative trauma disorders and to defray employer costs related to the Drug-Free Workplace program.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Counties, Municipalities, and Townships – Public Obligations for Conservation and Revitalization			
Revenues	Potential gain in bond proceeds	Potential gain in bond proceeds	Potential gain in bond proceeds
Expenditures	Potential increase in debt service costs	Potential increase in debt service costs	Potential increase in debt service costs
	Potential minimal increase in election costs	Potential minimal increase in election costs	Potential minimal increase in election costs
County Boards of Elections – County Absentee ballot Mailing Reimbursement			
Revenues	Gain in reimbursements from Secretary of State	- 0 -	- 0 -
Expenditures	Decrease in election mailing costs up to amounts reimbursed	- 0 -	- 0 -
Municipalities and Townships – New Permit Types			
Revenues	Potential gain in permit fees	Potential gain in permit fees	Potential gain in permit fees
Expenditures	- 0 -	- 0 -	- 0 -
Sewer Districts – Revision of Sewer Districts Law			
Revenues	Potential gain in bond proceeds	Potential gain in bond proceeds	Potential gain in bond proceeds
	Potential loss in sewer charges	Potential loss in sewer charges	Potential loss in sewer charges
Expenditures	Potential increase in debt service costs	Potential increase in debt service costs	Potential increase in debt service costs
County Delinquent Tax and Assessment Collection (DTAC) Funds			
Revenues	Potential minimal gain or loss in loan interest to DTAC funds	Potential minimal gain or loss in loan interest	Potential minimal gain or loss in loan interest
Expenditures	Potential increase in DTAC fund expenditures	Potential increase in DTAC fund expenditures	Potential increase in DTAC fund expenditures

Soil and Water Conservancy District Assessments – Muskingum Watershed			
Revenues	Potential gain for second half of FY 2008	Potential gain	Potential gain
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

Counties, municipalities, and townships

- ***Authority to issue conservation and revitalization bonds*.** The bill authorizes counties, municipal corporations, and townships to issue public obligations to provide, or assist in providing, grants, loans, loan guarantees, or contributions for conservation and revitalization purposes. Any new debt service costs would depend on the interest rate and maturity of bonds issued under this expanded authority. If these issues were submitted for voter approval, counties would also incur ballot-advertising costs.

- ***County use of DTAC funds*.** The bill permanently authorizes counties with a population exceeding 125,000 persons to authorize the use of up to $3 million each year in Delinquent Tax and Assessment Collection Fund money to prevent residential mortgage foreclosures and assist municipalities in the nuisance abatement of deteriorated residential buildings in foreclosure.

County boards of elections

- ***County mailing reimbursement*.** The bill creates GRF appropriation item 050-505, County Postage Reimbursement, to reimburse counties for the costs of mailing absentee ballots, and appropriates $3 million for this purpose in FY 2009. Accompanying uncodified law specifies that the Secretary of State must make these funds available to counties in advance of the required mailings for the 2008 general election. This will reduce the costs to the boards of elections for absentee application and reminder mailings for the 2008 general election.

Municipalities and townships

- ***New or modified liquor permits*.** Municipalities and townships receive a portion of liquor permit fee revenue. The issuance of additional permits would result in a minimal gain in liquor permit revenue for the local government where the permit holders are located.

Sewer districts

- ***Revision of Sewer District Law*.** The bill revises the Sewer District Law to permit counties to issue revenue bonds, the proceeds from which sewer districts could use for sanitary facilities, drainage systems, and prevention or replacements facilities. The bill also allows counties to offer discounted sewer rates to property owners that undertake measures to divert storm water from combined sewers. Counties could incur new debt service costs and losses in sewer charge income as a result.

Soil and water conservancy districts

- ***Assessments.*** The bill repeals the H.B. 24 prohibition on specified soil and water conservancy districts from collecting assessments that would be applied to property owners beginning January 1, 2008. Effectively, this prohibition applies to the Muskingum Watershed Conservancy District. Lifting the prohibition would mean that the conservancy district would be able to collect an assessment in the second half of local FY 2008 and thereafter.

Detailed Fiscal Analysis

Provisions Affecting State Agencies

Transfers and other adjustments

Additional transfers to the GRF from non-GRF funds

The FY 2008-FY 2009 budget authorizes the Director of the Office of Budget and Management (OBM) to make up to $70 million in cash transfers over the biennium from any non-GRF funds that are not constitutionally restricted to the GRF. The bill increases the authorized transfer amount to $120 million over the biennium.

Executive order suspension of pay raise for exempt employees

The bill permits the Governor, by executive order, to suspend the 3.5% pay increases scheduled for exempt employees beginning July 1, 2008 until the first day of the pay period that includes July 1, 2009. According to OBM estimates, suspending exempt employee pay raises will save approximately $17.4 million in payroll expenses from the GRF in FY 2009, with payroll savings in various other funds as well.

Earmark adjustments – Department of Transportation

The bill eliminates an FY 2008 appropriation of $1.5 million for air travel and support and economic development of statewide airports. The bill also changes the funding source for an FY 2008 earmark of $200,000 for the Cleveland Metropolitan Park District West Creek Project from the GRF to the Highway Operating Fund (Fund 7002).

Department of Administrative Services

Urban areas community improvements appropriation

The bill reallocates a GRF appropriation of $450,000 previously made to the Gateway Social Services project in H.B. 496, the reappropriations bill, to the Pro Football Hall of Fame ($200,000), the Children's Network of Stark County ($100,000), the Community Treatment and Correction Center, Inc. ($75,000), and Trillium Family Solutions ($75,000).

State agency Medicare Part B premium reimbursements

The bill eliminates a requirement that state agencies reimburse employees and elected officials for premiums paid for Medicare Part B coverage. Medicare Part B covers the cost of doctors' services and other healthcare costs that are not associated with hospital care or prescriptions. Primarily, only those individuals that are over 65 are eligible for Medicare coverage. The current monthly premium rate for Medicare Part B is $96.40. To date in FY 2008, the state has paid $303,000 in such reimbursements. The amount of future payroll savings would depend on the number of employees qualifying for Medicare Part B coverage who would no longer be reimbursed for those premiums.

Employee Benefits Fund

The bill authorizes the Director of Budget and Management to transfer a Department of Natural Resources payment of $100,081 that was mistakenly deposited in the Dependent Care Spending Account Fund (Fund 8090) to its correct destination, the Accrued Leave Fund (Fund 8060).

Information Technology – NextGen Network

The bill requires that any unencumbered FY 2008 appropriation in line item 106607, IT Services Delivery, attributable to the NextGen Network be reappropriated for the same purpose in FY 2009.

Appointment of Chief Information Officer

The bill clarifies the organization and authority of the Office of Information Technology in the Department of Administrative Services (DAS). The bill states that the Director of Administrative Services, as opposed to the Governor, will appoint the State Chief Information Officer, and that the State Chief Information Officer is to supervise, not direct, the Office of Information Technology. The bill also delineates DAS's role in managing state telecommunications and information technology, and specifically exempts the Adjutant General, the Bureau of Workers' Compensation, and the Industrial Commission from Office of Information Technology (OIT) oversight. The overall fiscal effect of these changes is unclear, but would seem to limit OIT's oversight responsibilities.

State term contracts

The bill requires bidders for state term contracts to have made at least $20,000 in total sales to one or more state agencies or political subdivisions during the year before the bid. A large number of state agencies purchase goods and services provided through term contracts; however, it is unclear what the overall impact this change in procurement policy will have on state purchasing costs.

Department of Administrative Services (DAS) and Department of Development (ODOD)

Energy conservation analysis contracts

A provision of H.B. 119, the main operating budget for FY 2008-FY 2009, allows DAS to contract with the Office of Energy Efficiency (OEE) in ODOD for a report containing an analysis and recommendations for energy conservation measures in state-owned buildings. The bill reverts to the previous approach, allowing DAS to contract instead with an energy services company or other qualified firm experienced in the design and implementation of energy conservation measures. Since DAS has not yet contracted with OEE under the authority conferred in the budget, and since DAS would continue to pay for these contracts through GRF appropriation item 130321, State Agency Support Services, there is no net fiscal effect from this change.

Auditor of State

Cost recovery for audits and delinquent financial report penalties

The bill clarifies the costs that the Auditor of State may certify to the Office of Budget and Management for collection by including amounts that public offices owe for (1) services provided by independent public accountants, (2) using the Uniform Accounting Network and other local government services that the Auditor of State provides, and (3) outstanding penalties over a year old for delinquent financial reports. This provision could reduce the Auditor of State's collection costs and possibly increase penalty amounts collected. These amounts would be deposited in the Public Audit Expense – Intrastate Fund (Fund 1090).

Office of Budget and Management

Tobacco securitization transfers to the GRF

The bill removes a requirement that OBM obtain Controlling Board approval before making transfers to the GRF related to tobacco securitization funds.

Capitol Square Review and Advisory Board and Ohio Historical Society

Statehouse tour and education staff

The bill transfers the responsibility for the planning and development of the Statehouse visitor center from the Ohio Historical Society (OHS) to the Capitol Square Review and Advisory Board (CSRAB), effective immediately. To compensate CSRAB for the cost of conducting Statehouse tours and education programs for June, the last month of FY 2008, the bill requires a GRF transfer of $12,297 from OHS to CSRAB's Statehouse Gift Shop/Events Fund (Fund 4S70). For FY 2009, the bill reduces GRF appropriation item 360502, Site and Museum Operations, which currently covers OHS's costs for these activities by $144,612 and increases CSRAB's GRF appropriation item 874100, Personal Services, by the same amount.

Department of Commerce

Voluntary hold/resigned status for real estate licenses

The bill allows a person licensed under the Real Estate Brokers Law to apply to the Superintendent of Real Estate and Professional Licensing to have that person's license placed on voluntary hold or resigned status. Voluntary hold or resigned status could be assigned to a license if the person applied before the license is due for renewal. Voluntary hold status allows the license to be reactivated within 12 months if certain conditions are met. Resigned status is reserved for persons not reactivating a license after the 12 month voluntary hold period or choosing to voluntarily resign after the license has been suspended. In either case, a resigned license may not be reactivated.

Though there probably would not be any fee for placing a license on voluntary hold status, there is likely to be a reactivation fee in addition to any renewal fees that would apply. The reactivation fee would likely be in the range of $20 to $25 based on the reactivation fees charged by the Division of Real Estate and Professional Licensing for licenses placed on inactive status. These fees would be deposited into the Real Estate Operating Fund (Fund 5490). There may be a gain in revenue to the Real Estate Operating Fund from additional reactivation fees received if licensees who have opted to place their licenses on voluntary hold status subsequently choose to reactivate those licenses.

D-5l liquor permit – center for the preservation of wild animals

The bill also creates the D-5l permit for a retail food establishment or food service operation located in or affiliated with a center for the preservation of wild animals. There are no quota restrictions on the number of D-5l permits. The fee for the D-5l permit is also $2,344. Additionally, the bill allows a permit authorizing Sunday liquor sales (a D-6 permit) to be issued if the center already has a D-5m permit, irrespective of whether or not Sunday liquor sales have been authorized in that area. The fee for a D-6 permit under this circumstance is $500. This permit appears to apply primarily to The Wilds conservation center in southeast Ohio.

Liquor permit fees are deposited into the Undivided Liquor Permit Fund (Fund 7066) and distributed to the GRF (45%), the Ohio Department of Alcohol and Drug Addiction Services' Statewide Treatment and Prevention Fund (Fund 4750) for treatment and prevention programming (20%), and the local governments where the liquor permits are issued (35%). All of these would gain their proportionate share of revenue if there were additional liquor permits issued. All permanent liquor permits, in addition to the stated fee, carry a $100 processing fee that covers the Division of Liquor Control's expenses in fingerprinting and making background checks for permanent license applications. This fee is deposited into the Liquor Control Fund (Fund 7043).

Direct shipping liquor permit requirements

The bill increases from 150,000 to 250,000 gallons the maximum annual amount of wine that a wine manufacturer can produce and still qualify for a B-2a or S direct shipment permit and clarifies the amount of wine that a family household can purchase in one year. This provision may enable additional manufacturers to qualify for direct shipping permits due to the higher threshold on annual wine production. If additional permits were granted, there would be a gain in revenue to the Undivided Liquor Permit Fund, which is distributed as noted above.

Current law requires B-2a permit holders to collect and pay all applicable taxes relating to the delivery of wine to a retailer, and S permit holders to collect and pay all applicable taxes relating to the delivery of wine to a personal consumer, including specified taxes on wine and state sales and use taxes. The bill retains the requirement that B-2a and S permit holders collect and pay the state sales and use tax, but requires that they pay only the tax on wine that is levied by a county to pay for a sports facility and the two cents per gallon tax on wine that is levied to encourage Ohio grape industries and not the general state tax on wine. As a result, there may be a minimal loss in revenue from the wine excise tax to the GRF. There may also be a loss in revenue to the Ohio Grape Industries Fund (Fund 4960) from the smaller amount of the grape industries tax that would be collected from B-2a and S permit holders (three cents currently versus two cents under the bill).

Environmental Protection Agency

Goss site tire removal

The bill requires at least 65% of the money collected from the levy of a 50 cent per tire fee on the sale of tires, which is scheduled to sunset on June 30, 2011, to be used for clean-up and removal activities at the Goss tire site in Muskingum County or other tire sites in the state rather than the Kirby tire site in Wyandot County, as in current law. As the Environmental Protection Agency (EPA) has completed the Kirby tire clean up and has begun working on the Goss site using this funding source, the provision has no new fiscal effect.

Department of Natural Resources

Coal mine safety – Department of Natural Resources and Bureau of Workers' Compensation

Mine Safety Fund (Fund 5X80)**.** The bill creates a new Mine Safety Fund (Fund 5X80) in the state treasury, to be funded initially by a transfer from the Coal Workers' Pneumoconiosis Fund in the Bureau of Workers' Compensation (BWC). The Mine Safety Fund would be housed within the Department of Natural Resources (DNR), under the control of the Division of Mineral Resources Management. The bill requires the Division to use the Mine Safety Fund for (1) health inspections and audits, (2) the purchase and maintenance of mine rescue and inspection equipment, (3) the purchase or lease of facilities for use as mine rescue stations and for mine rescue and safety training, (4) mine rescue, health, and safety training for miners, and (5) certification and recertification of mine officials.

The bill specifies that the Mine Safety Fund is to be capitalized by transfers of investment earnings from the BWC's Coal Workers' Pneumoconiosis Fund, which pays benefits on medical and indemnity claims relating to black lung disease. The amount to be transferred will depend upon the first-year costs of the mine safety program, which DNR projects to be $5,528,000 in FY 2009. The bill requires that the transfer from BWC's Pneumoconiosis Fund not jeopardize that fund's solvency, and BWC does not anticipate that the bill would do so. The bill also contains intent language directing DNR to explore alternative revenue streams and to report on possible sources of funding to the Mine Safety Fund before the five-year review process for the rules adopted to govern the initial transfer from the Black Lung Fund begins. DNR currently estimates that the Mine Safety Fund will be responsible for ongoing annual operating costs roughly equal to $2.8 million.

***Mine safety measures*.** The bill requires the recertification of mine forepersons who have not worked in an underground coal mine for more than two years, and requires forepersons who have not worked in an underground coal mine for at least one year to complete a retraining course. The bill provides for fees for recertification and retraining exams. Currently, DNR collects a $10 fee for such exams, which is deposited into the Mining Regulation Fund (Fund 5B30). Historically, DNR has tested approximately 300 people per year, generating about $3,000 in income from testing fees. DNR anticipates testing approximately 40 additional individuals under the bill's provisions for recertification, for additional income of approximately $400 in the first year of the program. There may be additional minimal gains in revenue in future years, depending on the number of forepersons who need to be recertified. In addition, the bill includes "certification and recertification of mine officials" among the costs to be covered out of the Mine Safety Fund, so it is possible that future administrative costs of training and recertification exams could be paid out of the new fund.

The bill codifies "mine medical responders" as a class of employee that performs mine safety duties alongside emergency medical technicians and other designated safety personnel. The bill provides for setting a fee for mine medical responder examinations. Like the fees for examining other mine safety personnel, mine medical responder fees would be deposited into the Surface Mining Fund (Fund 5270). This fund may experience a minimal gain in revenues from these fees, with the amount depending on the number of mine medical responders taking the exams. In addition, the bill includes "mine rescue and safety training" among the costs to be covered out of the Mine Safety Fund, so it is possible that future administrative costs of training for mine medical responders and other mine safety personnel could be paid out of the new fund.

Finally, the bill requires an underground coal mine operator to provide tag lines and tie-off lines for each miner and to provide fire detection devices for each conveyor belt that is used in a mine. In this regard, the bill requires the Division of Mineral Resources Management, in consultation with statewide associations representing the coal mining industry and its employees, to adopt rules that include provisions for the inspection of this equipment. The costs of additional inspection time and associated administrative work will be paid from the new Mine Safety Fund. Other administrative costs associated with these inspections, as well as the other provisions in the bill, may cause a minimal increase in expenditures from GRF operating line item 744321, Division of Mineral Resources Management. However, most costs associated with the provisions in the bill would be borne by the other funds as described above.

State Park and Recreational Area Study Committee

The bill creates the State Park and Recreational Area Study Committee, which by December 31, 2008 is to report on the current and future operating budgets and infrastructure needs of the state parks and recreational areas under the control of DNR. The committee is to consist of the Director of Natural Resources or the Director's designee and members to be appointed by the Governor and General Assembly. Presumably, DNR will provide for any of the minimal administrative costs associated with the committee through the GRF or associated Parks and Recreation funds.

Van Buren State Park

The bill redirects a $250,000 earmark in appropriation item C725E2, Local Parks Projects, in the Parks and Recreation Improvement Fund (Fund 7035), for Van Buren State Park. The original earmark was for land acquisition; the revised earmark directs the funds to be used for campground electrification and restroom facility improvements. The amount of the earmark remains unchanged.

Findlay flood assistance

The bill requires DNR to seek all available federal funds to assist the city of Findlay with rebuilding infrastructure or constructing preventative infrastructure for flood mitigation and preparation. Any such federal funding that DNR secures would be deposited in the Federal Flood Pass-Through Fund (Fund 3B40), which is used to pay for flood control projects or for defraying the expenses of county governments for flood control and drainage improvements.

Department of Development and Department of Transportation

Diesel Emissions Reduction Grant Program

The bill clarifies existing budget language regarding the Diesel Emissions Reduction Grant (DERG) program to further delineate the program's funding structure. The bill establishes the DERG program within the Highway Operating Fund (Fund 7002) in the Department of Transportation (ODOT), which will provide a conduit for federal funds from the Congestion Mitigation and Air Quality (CMAQ) program to the Department of Development (ODOD) in order to administer grants. Under the bill, ODOD will use its own Diesel Emissions Reduction Grant Fund (Fund 3BD0) to receive these federal funds passed through ODOT and issue grants to eligible private entities. In order to do so, the bill establishes a new ODOD line item 195697, Diesel Emissions Reduction Grants, and appropriates $9,817,105 in FY 2008 and $10,057,814 in FY 2009 for this purpose. Originally, these funds were to have been allocated by a transfer in each fiscal year from the Highway Operating Fund to ODOD.

Transit Capital Program

The bill specifies that up to $5 million in each fiscal year from the Highway Operating Fund (Fund 7002) is to be used by ODOT to fund the Transit Capital Program in conjunction with funding in ODOT's budget under the Ohio Public Transportation Grant Program. Originally, these funds were to have been transferred to the Transit Capital Fund (Fund 5E70) for this purpose.

Secretary of State

County mailing reimbursement

The bill creates GRF appropriation item 050505, County Postage Reimbursement, to reimburse counties for the costs of mailing absentee ballots, and appropriates $3 million for this purpose in FY 2009. Specifies that the Secretary of State must make these funds available to counties in advance of the required mailings for the 2008 general election.

Department of Transportation (ODOT)

Office of Maritime Transportation

The bill creates the Office of Maritime Transportation within the Division of Multi-modal Planning and Programs. The bill requires the Director of Transportation to assign to the office such duties, powers, and functions relating to state maritime transportation issues and activities as the Director determines. The potential funding sources and expenses of the new office are uncertain at this time.

Portable signal preemption devices pilot program funding

The FY 2008-FY 2009 transportation budget requires ODOT to expend at least $400,000 in FY 2008 for a pilot program involving the installation and operation of a system of portable signal preemption devices in the township having the largest geographic area. The bill changes the recipient to the township having the largest population, which is Colerain Township in Hamilton County.

Turnpike Commission noise mitigation pilot program

Under the FY 2008-FY 2009 transportation budget, the Turnpike Commission is required to perform a study of noise impact mitigation methods that could be used as an alternative to traditional sound barriers on the Turnpike. After completing the study, the Commission is required to commence a pilot program by June 30, 2008 using one or more of these alternatives. The Commission is also required to submit a report containing the results of the pilot program and the projected costs of further implementation to the Turnpike Legislative Review Committee by December 30, 2008. To pay for these activities, the budget created the Community Resolution Fund, a custodial fund (that is, a fund that is not in the state treasury and from which money may be drawn without an appropriation), which was slated to receive $250,000 in each fiscal year from the Highway Operating Fund (Fund 7002).

Instead, the bill abolishes the Community Resolution Fund and requires ODOT to enter into an agreement on a reimbursement basis with the Turnpike Commission. Under the agreement, up to $250,000 is to be paid from the Highway Operating Fund (Fund 7002) in each fiscal year to the Turnpike Commission to fund the study and pilot program. This bill also moves back the dates when the Turnpike Commission is required to commence and complete the pilot program by approximately six months. There is no net fiscal effect resulting from these modifications since the transportation budget requires any remaining cash balance in the Community Resolution Fund to be credited back to the Highway Operating Fund (Fund 7002) after the pilot program is completed.

Construction bid guarantees

The bill permits bid guarantees for construction projects to be in the form of wire transfers, not just certified checks, cashiers' checks, or bid bonds, as under current law. The bill also requires all bid guarantees to be credited to the ODOT Letting Fund, which the bill creates as a custodial fund. The bid guarantee is returned to losing bidders once a construction contract is awarded. Forfeited bid guarantees are transferred to the Highway Operating Fund (Fund 7002). There is no fiscal effect resulting from this provision since bid guarantees are currently deposited in a letting fund outside of the state treasury, albeit without statutory authorization. This provision merely provides the statutory authority desired for the letting fund.

Bureau of Workers' Compensation

Micro Insurance Reserve Analysis System

Am. Sub. H.B. 100, the FY 2008-FY 2009 budget act for BWC, requires the agency to implement a new system for establishing premium rates. The current Micro Insurance Reserve Analysis System (MIRA) calculates the funds needed to be held in reserve by BWC to cover its expected liabilities. Premium rates are set according to the necessary reserve amounts. Am. Sub. H.B. 100 stipulates that the new reserve system (MIRA II) must be more transparent and accurate than the current system.

The bill changes the implementation date of the new system from June 30, 2008 to July 1, 2008. The effect of the date change is to ensure a smoother transition between the two systems, as MIRA publishes reserve amounts on the last day of the month. If the June 30 date were to stand, BWC would be required to report its reserves for the end of FY 2008 using the new system, which is intended to be in place starting with FY 2009. This could cause problems in generating and reporting reserve data. The date change would allow the reserving process to begin using the new system in FY 2009. There is not expected to be any cost associated with the change in implementation date.

Longshore and harbor workers' exemption

Under current law, employers of longshore and harbor workers are required to pay workers' compensation premiums under both the federal Longshore and Harbor Workers' Compensation Act (LHWCA) and Ohio's Workers' Compensation Law. The bill excludes individuals covered by the LHWCA from the definition of "employee" for the purposes of Ohio's Workers' Compensation Law, thereby exempting employers from the requirement to pay premiums to BWC under state law. However, under the bill, employers may choose to continue to provide longshore and harbor workers with coverage under the state law.

According to BWC, in 2006 there were 124 employers reporting payroll to manual 7772, paying $1,116,063 in premiums to the State Insurance Fund (SIF). If none of these employers opt to continue coverage under state law, SIF would forgo collecting approximately this amount in premiums, depending on any changes in coverage or actuarial actions. The effect on SIF is expected to be revenue neutral, since while the fund would no longer be collecting premiums from LHWCA employers, it would also no longer have to pay benefits to them from SIF.

Additionally, it is possible that BWC may experience a slight decrease in costs to the Workers' Compensation Fund (Fund 7023) if it no longer has to administer coverage of longshore and harbor workers under state law. However, this will also depend on how many employers choose to continue state coverage as well as LHWCA coverage.

Safety Grants Program

The bill increases the FY 2009 appropriation for line item 855610, Safety Grants Program, from $4 million to $6.5 million. This allows for additional grants to employers for research and prevention of cumulative trauma disorders and to defray employer costs related to the Drug-Free Workplace program.

Ohio Commission on Local Government Reform and Collaboration

The bill creates the Ohio Commission on Local Government Reform and Collaboration. The Commission consists of nine voting members. The President of the Senate and the Speaker of the House each must appoint three members, and the Governor must appoint three members. Members are not entitled to compensation for their services. However, there may be some costs associated with the production of the Commission's final report, due by July 1, 2010. The House, Senate, and Governor's Office would most likely absorb any additional costs.

Provisions Affecting Political Subdivisions

Soil and water conservancy districts

Assessment levies for certain conservancy districts

H.B. 24 prohibited the board of directors of a conservancy district that includes all or parts of more than 16 counties, effectively the Muskingum Watershed Conservancy District, from levying or collecting an assessment for such a district, and also prohibited county treasurers from collecting such an assessment on land that would otherwise be subject to such an assessment beginning January 1, 2008. The bill repeals this prohibition, permitting the resumption of assessments. Based on an LSC estimate for H.B. 24, the Muskingum Watershed Conservancy District would have foregone up to $10.5 million annually in assessment revenue under the prohibition. Under the bill, the District would be able to collect assessments as early as the second half of calendar year 2008.

Counties

County mailing reimbursement

The bill creates GRF appropriation item 050-505, County Postage Reimbursement, to reimburse counties for the costs of mailing absentee ballots, and appropriates $3 million for this purpose in FY 2009. It further specifies that the Secretary of State must make these funds available to counties in advance of the required mailings. This provision will reduce the costs to counties for providing absentee application and reminder mailings for the 2008 general election.

County alternative form of government – Cuyahoga County

The bill authorizes county commissioners in a county with a population exceeding 1.2 million (Cuyahoga County) to submit to the electors the question of whether to adopt a restructured form of county government. If the restructured form is adopted, the formerly elected officials other than the board of county commissioners and the county prosecutor will be appointed, except that current officeholders or any elected at the same time as the election in favor of the restructured form of county government will continue in office as an elected officeholder until the term of office ends and until the successor is appointed and qualified. This provision could result in a minimal decrease in Cuyahoga County election costs. Although it is assumed that the cost for operating the appointed offices under the reconstituted form of county government would remain largely the same, there may be some administrative changes that could increase or decrease those costs.

Prohibiting strikes by specified county security personnel

The bill prohibits members of a law enforcement security force established and maintained exclusively by a board of county commissioners from striking and instead requires them to enter into binding arbitration to settle unresolved collective bargaining disputes. Striking is generally the final step in a series of steps to resolve a collective bargaining dispute that is outlined in the Public Employee Collective Bargaining Law. Employees who are not permitted to strike must submit to a final offer settlement procedure to settle unresolved collective bargaining disputes. The costs associated with a final offer settlement procedure as opposed to a strike are expected to be unique to each unresolved collective bargaining dispute.

Delinquent Tax and Assessment Collection Fund – foreclosure prevention and nuisance abatement

The bill authorizes a county with a population exceeding 125,000 to use up to $3 million each year in its Delinquent Tax and Assessment Collection (DTAC) Fund to offer loans to borrowers in default on their home mortgages to prevent foreclosure. It would also allow municipalities, upon application to the county, to use these funds for nuisance abatement of foreclosed residential property. By definition, this provision would apply to 20 counties.

Counties, municipalities, and townships

Public obligations for conservation and revitalization

This provision authorizes counties, municipal corporations, and townships to issue public obligations to provide grants, loans, loan guarantees, or contributions for conservation and revitalization purposes. If a political subdivision were to issue such bonds, the cost would depend on the interest rate that will be paid on the bonds and the number of years over which they are paid off. Assuming a maturity period of 15 years and an interest rate of 4%, the cost of paying off the bonds over 15 years is about nine cents per year for each dollar borrowed. If the issuance were submitted for voter approval, there could also be some minimal increase in elections costs, as well as some ballot advertising expenses.

PEG channel compensation

The bill prohibits a political subdivision that, within its jurisdiction, either is a cable service provider itself or contracts with such a provider from requiring any (nonpublic) person that provides cable service to pay any direct or in-kind compensation for PEG channel programming or other content produced by the political subdivision or by an entity it created or partially supports. PEG channels are those that provide public, educational, and governmental programming for noncommercial use.

Current law prohibits any municipal corporation or township from requiring a video service provider to provide any funds, services, programming, facilities, or equipment related to PEG channels except as may be required in order to fulfill obligations entered into before the enactment of the most recent changes made in Am. Sub. S.B. 117. Further, current law states that PEG channel operation and programming shall be the sole responsibility of the municipal corporation or township. It appears that the provision in this bill would clarify that political subdivisions are not permitted to require any compensation for PEG channel programming. Thus, the bill would appear to have only a minimal, if any, fiscal effect on local government revenues derived from video service providers.

New or modified liquor permits

Municipalities and townships receive a portion of liquor permit fee revenue. The issuance of additional liquor permits would result in a minimal gain in liquor permit revenue for the local government where the liquor permits are issued.

Collective bargaining for township fire departments

The bill offers collective bargaining rights to fire departments in townships of 5,000 or fewer in their unincorporated areas, but which serve areas with 5,000 or more in both the unincorporated and incorporated areas. The provision also specifies circumstances under which townships can terminate these agreements. Presently, this could affect 14 township fire departments, and could potentially lead to increased salary and fringe benefit costs, as well as contract negotiation costs.

Applicability of zoning laws to certain types of waste facilities

The bill clarifies current law to specify that solid waste facilities, transfer stations, and construction and demolition debris facilities are subject to zoning requirements adopted by boards of county commissioners, boards of township trustees, and boards of zoning appeals. The fiscal impact of this provision is uncertain, but would likely mean that such facilities not zoned currently may be in the future.

Revision of the Sewer District Law

The bill allows counties to issue revenue bonds to sewer districts for sanitary facilities, drainage facilities, and prevention or replacement facilities. If a county were to issue such bonds, the cost would depend on the interest rate that will be paid on the bonds and the number of years over which they are paid off. The bill also authorizes counties to adopt rules that would require property owners to prevent storm water from entering a combined sewer and causing an overflow, and permits counties to provide rate reductions and credits to property owners that implement such measures. If a county opted to do this, the county could lose some sewer charge revenues from that sewer district.

Section 2: Health and Human Services

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
Ohio Department of Job and Family Services			
General Revenue Fund			
Revenues	Gain of $128,075,622	- 0 -	- 0 -
	Potential loss of federal Medicaid reimbursement due to ICF/MR conversion		
Expenditures	Increase of $198,295,986	- 0 -	- 0 -
	Increase of $10,000,000 due to the Children's Buy-in Program	- 0 -	- 0 -
	Decrease due to third-party liability information for child support		
	Potential cost savings due to ICF/MR conversion		
Medicaid Revenue and Collections (Fund 5DL)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase of $20,000,000	- 0 -	- 0 -
Health Care Services (Fund 5P5)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase of $20,000,000	- 0 -	- 0 -
Health Care Federal (Fund 3F0)			
Revenues	Gain of $63,638,975	- 0 -	- 0 -
	Annual gain of $5,900,000 due to increase of ICF/MR franchise permit fee		
Expenditures	Increase of $63,638,975	- 0 -	- 0 -
	Annual increase of $5,900,000 due to increase of ICF/MR franchise permit fee		
Money Follows the Person Enhanced Reimbursement Fund (Fund 5AJ0) – New			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase of $4,400,000	- 0 -	- 0 -
ICF/MR Bed Assessments (Fund 4K1)			
Revenues	Annual gain of $3,900,000 due to increase due to ICF/MR franchise permit fee		
Expenditures	Annual increase of $3,900,000 due to increase of ICF/MR franchise permit fee		
Interagency Reimbursement Fund (Fund 3G5)			
Revenues	Potential gain in federal Medicaid reimbursement due to ICF/MR conversion		
Expenditures	Potential increase due to ICF/MR conversion		
Child Support Fund (Fund 397)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Decrease due to third-party liability information for child support		

Child Support Collections (Fund 4A8)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase of $5,248,417	- 0 -	- 0 -
Ohio Department of Mental Retardation and Developmental Disabilities			
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential decrease due to tax equity payments		
	Potential increase due to ICF/MR conversion		
Autism Preschool Program Fund (Fund 5CT) – New			
Revenues	Gain of $1,000,000	Gain of $1,000,000	Gain of $1,000,000
Expenditures	Increase of $1,000,000	- 0 -	- 0 -
Medicaid Waiver Fund (Fund 3G6)			
Revenues	Potential gain in federal Medicaid reimbursement due to ICF/MR conversion		
Expenditures	Potential increase due to ICF/MR conversion		
Medicaid Administration and Oversight (Fund 5S2)			
Revenues	Loss of $500,000 per year due to Medicaid case management service fee		
Expenditures	- 0 -	- 0 -	- 0 -
Various Funds			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Cost savings due to the Gallipolis Developmental Center Pilot Program	- 0 -	- 0 -
Ohio Department of Health			
Public Health Priority Trust Fund (Fund L087)			
Revenues	Transfer-in of $950,000 from Fund 1060	- 0 -	- 0 -
Expenditures	Increase of $950,000	- 0 -	- 0 -
Ohio Dental Loan Repayment Fund (Fund 5Z7) – New			
Revenues	Gain of at least $140,000	Potential gain due to Dentist Loan Repayment Program	
Expenditures	Increase of at least $140,000	Potential increase due to Dentist Loan Repayment Program	
Federal Public Health Programs Fund (Fund 392)			
Revenues	Potential gain due to Dentist Loan Repayment Program		
Expenditures	Potential increase due to Dentist Loan Repayment Program		
Office of the Attorney General			
General Reimbursement Fund (Fund 1060)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Transfer-out of $950,000 to Fund L087	- 0 -	- 0 -
Respiratory Care Board			
Operating Expenses Fund (Fund 4K9)			
Revenues	Potential loss due to license and registration renewal		
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

Ohio Department of Job and Family Services (ODJFS)

- ***GRF Appropriations for Medicaid.*** The bill increases the appropriation to GRF line item 600-525, Health Care/Medicaid, by $198,295,986 in FY 2009. This increase in expenditures will allow the state to draw down $128,075,622 in federal Medicaid reimbursement.

- ***Budget Stabilization Fund.*** The bill allows the Director of Budget and Management, with Controlling Board approval, to transfer up to $63,333,420 cash in FY 2009 from the Budget Stabilization Fund to the GRF, if additional appropriations are needed to fund the Medicaid Program. The Director of Budget and Management is to transfer the approved amounts, increase the state share of appropriations to line item 600-525, Health Care/Medicaid, and adjust the federal share accordingly.

- ***Children's Buy-In and Medicaid Buy-In for Workers with Disabilities.*** The bill increases the appropriation to line item 600-639, Medicaid Revenue and Collections (Fund 5DL), by $20 million in FY 2009. The bill provides that the monthly premiums collected from the Children's Buy-In Program and the Medicaid Buy-In for Workers with Disabilities Program be credited to the fund.

- ***Drug rebates.*** The bill increases the appropriation to line item 600-692, Health Care Services (Fund 5P5), by $20 million in FY 2009. Revenues from rebates on prescription drugs in the Medicaid Program are deposited into this fund.

- ***Federal Medicaid reimbursement.*** The bill increases the appropriation to line item 600-623, Health Care Federal (Fund 3F0), by $63,638,975 in FY 2009. This is the amount in federal funds that the state will realize from the increase in expenditures from Fund 5DL (Children's Buy-In and Medicaid Buy-In for Workers with Disabilities) and from Fund 5P5 (Drug Rebates).

- ***Children's Buy-In Program.*** The bill lowers the minimum countable income that an individual may have to qualify for the Children's Buy-In Program from 300% to 250% of the federal poverty guidelines (FPG). The Office of Budget and Management estimates that including children from 250% to 300% FPG will cost (net of any cost sharing assumed by ODJFS) $10 million in FY 2009 assuming a July 1, 2008 start date.

- ***Money Follows the Person.*** The bill creates the Money Follows the Person Enhanced Reimbursement Fund (Fund 5AJ0) and line item 600-631, Money Follows the Person. The fund will receive the enhanced portion of the federal reimbursement for the Money Follows the Person demonstration project. The enhanced portion of the federal reimbursement for FY 2009 is $4.4 million based on enrollment estimates made by ODJFS. The bill appropriates $4.4 million to the newly created line item in FY 2009.

- ***Medicaid rates for durable medical equipment.*** The bill prohibits any change in the Medicaid reimbursement rates that apply to durable medical equipment providers until July 1, 2009, and requires, beginning July 1, 2009, that ODJFS establish Medicaid reimbursement rates for durable medical equipment providers based on those providers' costs. ODJFS will experience a minimal increase in administrative costs as a result of establishing a cost analysis methodology. In addition, ODJFS has been pursuing negotiating distinct provider contracts with durable medical equipment providers. This provision may impact the savings ODJFS could realize from negotiating competitive contracts with individual vendors.

- ***Use of third-party information for the Title IV-D Child Support Program*.** The bill permits information received by ODJFS for the purpose of establishing third-party liability under the Medicaid Program to also be used for purposes directly connected to ODJFS's child support enforcement program. This change is expected to save approximately $680,000 in FY 2009 between GRF line item 600-416, Computer Projects, and line item 600-626, Child Support (Fund 397).

- ***Child Support Collections/TANF MOE*.** The bill increases appropriation to line item 600-658, Child Support Collections (Fund 4A8), by $5,248,417 in FY 2009, and changes the allowable use of the funds that remain in that line item, once Temporary Assistance for Needy Families maintenance of effort has been met, to "public assistance" instead of "child support" activities. ODJFS plans to use the remaining funds to cover the anticipated $7 million shortfall for the Disability Financial Assistance Program in FY 2009.

Ohio Department of Mental Retardation and Developmental Disabilities (ODMR/DD)

- ***Autism Preschool Program and ICF/MR Franchise Permit Fee*.** The bill requires the establishment of the Autism Preschool Program. The program will be funded by an increase in the franchise permit fee on intermediate care facilities for the mentally retarded (ICFs/MR); 2.1% of the revenue raised by the franchise permit fee is to be deposited into the newly created Autism Preschool Program Fund. The bill appropriates $1 million in FY 2009 in newly created line item 322-632, Autism Preschool Program (Fund 5CT), and earmarks those moneys for the Educational Service Center of Franklin County to administer the program. The bill increases appropriations to line items 600-621, ICF/MR Bed Assessments (Fund 4K1), and 600-623, Health Care Federal (Fund 3F0), in ODJFS due to the increase in the ICR/MR franchise permit fee.

- ***Mean total per diem rate for ICFs/MR*.** The bill provides that, for FY 2009, the mean total per diem rate for all ICFs/MR under Medicaid, weighted by May 2008 Medicaid days and calculated as of July 1, 2008, is not to exceed $276.13 rather than $271.46.

- ***Conversion of ICF/MR beds*.** The bill specifies that if any ICF/MR converts some or all of the beds in the facility from providing ICF/MR services to providing home and community-based services the Director of Mental Retardation and Developmental Disabilities must certify, on a quarterly basis, to the Director of Budget and Management, the estimated amount to be transferred from ODJFS to ODMR/DD for the provision of waiver services. The Director of Budget and Management may then adjust appropriations to specific line items accordingly to account for the transfer. These provisions may result in cost savings ranging from $2.7 million to $10.2 million as a result of these provisions. (Forty percent of these cost savings are state share.)

- ***Medicaid case management service fee*.** The bill eliminates the fee ODMR/DD charges county MR/DD boards on the total value of all Medicaid paid claims for Medicaid case management services and home and community-based services. The elimination of this fee is expected to result in a revenue loss of $500,000 annually for ODMR/DD.

- ***Gallipolis Developmental Center Pilot Program*.** The bill revises the law governing the Gallipolis Developmental Center Pilot Program. ODMR/DD is expecting to experience cost-savings as a result of operating an eight-bed ICF/MR instead of providing home and community-based services to ten individuals under the Individual Options Medicaid Waiver Program.

- ***Tax equity payments*.** The bill revises the way in which tax equity payments to county MR/DD boards are calculated. In the event of GRF budget reductions in FY 2009, this provision authorizes ODMR/DD to calculate FY 2009 payments in proportion to those made in FY 2008. If there are GRF budget reductions for FY 2009, ODMR/DD will experience a decrease in expenditures due to a reduction in the tax equity payments made to county MR/DD boards.

Ohio Department of Health (ODH) and Attorney General

- ***Pneumococcal vaccines for children*.** The bill transfers $950,000 from the General Reimbursement Fund (Fund 1060) to the Public Health Priority Trust Fund (Fund L087) in FY 2009 and appropriates this amount to line item 440-423, Pneumococcal Vaccines for Children.

Ohio Department of Health and Board of Regents (BOR)

- ***Dentist Loan Repayment Program*.** The bill requires ODH to exclusively oversee the implementation and administration of the Dentist Loan Repayment Program, rather than participate in a joint effort between ODH and BOR. Currently, appropriations are in BOR. The bill cancels existing appropriations against BOR's line item 235-624, Ohio Dental Loan Repayment (Fund 5ZY), and re-establishes them against ODH's newly created line item 440-624, Ohio Dental Loan Repayment. These amounts are appropriated. The bill also appropriates at least $140,000 in FY 2009 to line item 440-624, Ohio Dental Loan Repayment (SSR Fund 5Z7). Additionally, the bill transfers the amount of cash remaining from BOR's Fund 3T0, National Health Services Corps – Ohio Loan Repayment, to ODH's Fund 392, Federal Public Health Programs. Any outstanding encumbrances for the program for FY 2008 in Fund 3T0 are cancelled and re-established in Fund 392. Appropriations will likely be established in ODH in future years in the main biennial operating appropriations act.

- ***Physician Loan Repayment Program*.** The bill cancels outstanding encumbrances of the Physician Loan Repayment Program in BOR's line item 235-604, Physician Loan Repayment, and re-establishes them against ODH's new line item 440-628, Ohio Physician Loan Repayment. The bill also appropriates $476,870 in FY 2009 to line item 440-628, Ohio Physician Loan Repayment, and eliminates the appropriation for the same amount in BOR's line item 235-604, Physician Loan Repayment. Appropriations will likely be established in ODH in future years in the main biennial operating appropriations act.

Ohio Department of Mental Health (ODMH)

- ***Moratorium on closure of state mental health facilities*.** The bill prohibits the Governor or ODMH from closing state mental health facilities for six months after the effective date of this provision in the bill. A moratorium prohibiting the closure of a mental health facility may delay any realized savings.

Respiratory Care Board

- ***Home medical equipment service providers license and registration renewal*.** The bill authorizes the Board to waive all or part of the fee for an initial license or certificate, if the license or certificate is issued in the last six months of the biennial licensing or registration period. Waiving the fee could result in a decrease in revenue to the Board if this is not currently done. The Board's fee revenue is deposited in the Operating Expenses Fund (Fund 4K90).

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
County Mental Retardation and Developmental Disabilities Boards			
Revenues	Potential loss due to tax equity payments		
Expenditures	Cost savings due to Medicaid case management service fee		
Local Community Mental Health Boards			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential cost savings due to merger of local boards		
Local Alcohol and Drug Addiction Services Boards			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential cost savings due to merger of local boards		

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

County mental retardation and developmental disabilities boards

- ***Medicaid case management service fee*.** The bill eliminates the fee ODMR/DD charges to county MR/DD boards on the total value of all Medicaid paid claims for Medicaid case management services and home and community-based services. County MR/DD boards will experience a cost savings due to no longer being required to pay this fee.

- ***Tax equity payments*.** The bill revises the way in which tax equity payments to county MR/DD boards are calculated. In addition, in the event of GRF budget reductions in FY 2009, this provision authorizes ODMR/DD to calculate FY 2009 payments in proportion to those made in FY 2008. In FYs 2008 and 2009, $14 million is appropriated for this purpose. If there are GRF budget reductions for FY 2009, the county MR/DD boards will experience a loss of revenue. The magnitude of such a loss will depend on the amount of a reduction.

Local community mental health boards and alcohol and drug addiction services boards

- ***Merger of local boards*.** The bill permits a county with a community mental health board and an alcohol and drug addiction services board to merge into a single board of alcohol, drug addiction, and mental health services board, which may result in cost savings for the local boards due to potential economies of scale.

Detailed Fiscal Analysis

Ohio Department of Job and Family Services (ODJFS)

GRF appropriations for Medicaid

The bill increases the appropriation to GRF line item 600-525, Health Care/Medicaid, by $198,295,986 in FY 2009; this increase in expenditures will allow the state to draw down $128,075,622 in federal Medicaid reimbursement. The increase is intended to accommodate the expected shortfall in Medicaid funds due to increasing caseloads and utilization.

The bill also allows the Director of Budget and Management, with Controlling Board approval, to transfer up to $63,333,420 cash in FY 2009 from the Budget Stabilization Fund to the GRF, if additional appropriations are needed to fund the Medicaid Program. The Director of Budget and Management is to transfer the approved amounts, increase the state share of appropriations to GRF line item 600-525, Health Care/Medicaid, and adjust the federal share accordingly.

Caseloads have been increasing steadily this fiscal year. In March 2008, total Medicaid caseloads were over estimate by approximately 28,000 (1.6%). Most of this caseload increase is occurring in the Covered Families and Children (CFC) population, which is over estimate by about 23,400 (1.78%). And, most of the increase in the CFC population is in the Healthy Families Expansion category. This category includes parents and children in families with income under 90% of the federal poverty guideline but above minimal federal standards. In March 2008, the Aged, Blind, and Disabled population was over estimate by about 4,600 (1.06%).[1]

Children's Buy-In and Medicaid Buy-In for Workers with Disabilities

The bill increases the appropriation to line item 600-639, Medicaid Revenue and Collections (Fund 5DL), by $20 million in FY 2009. The bill provides for the monthly premiums charged under the Children's Buy-In (CBI) Program and the Medicaid Buy-In for Workers with Disabilities Program to be credited to the fund. The bill also permits money credited to the Medicaid Revenue and Collections Fund to be used for the CBI Program as well as Medicaid services and contracts. The increase in appropriation will also allow ODJFS to spend the $8.9 million that was deposited into the fund that was the state's share of a $30 million settlement with the drug manufacturer, Merck & Co.

[1] All caseload numbers used in this fiscal note were obtained from Actual vs. Estimated Health Care Eligibles SFY2008, released by the Ohio Department of Job and Family Services, May 2008.

Drug rebates

The bill increases the appropriation to line item 600-692, Health Care Services (Fund 5P5), by $20 million in FY 2009. According to OBM, the state has received more in drug rebates than anticipated for the biennium and the increase in appropriations will allow ODJFS to spend these funds.

Federal Medicaid reimbursement

The bill increases the appropriation to line item 600-623, Health Care Federal (Fund 3F0), by $63,638,975 in FY 2009. This is the amount in federal funds that the state will receive as a result of the $40 million increase in expenditures ($20 million from Fund 5DL and $20 million from Fund 5P5) for the CBI Program and the Medicaid Buy-In for Workers with Disabilities Program, as well as the drug rebate program.

Children's Buy-In Program

The bill requires that the Children's Buy-In Program be operated as part of Medicaid, the Children's Health Insurance Program (CHIP), or both if the U.S. Secretary of Health and Human Services approves federal matching funds for the program and operating the program under Medicaid, CHIP, or both. However, the bill requires the Director of Job and Family Services to implement the program regardless of whether the amendment, waiver request, or both are denied. In addition, the bill permits the Director of Job and Family Services to adopt rules limiting the number of individuals who may participate in the program at one time.

The bill lowers the minimum countable income that an individual may have to qualify for the Children's Buy-In Program from 300% to 250% of the federal poverty guidelines (FPG). The bill also requires, rather than permits, the Director of Job and Family Services to adopt rules establishing copayment requirements with the result that individuals participating in the program must be, rather than may be, charged copayments.

The bill also provides for the monthly premiums charged under the Children's Buy-In Program to be credited to the Medicaid Revenue and Collections Fund and permits money credited to the fund to be used for the Children's Buy-In Program as well as Medicaid services and contracts.

The Office of Budget and Management estimates that including children from 250% to 300% FPG will cost (net of any cost sharing assumed by ODJFS) $10 million in FY 2009 assuming a July 1, 2008 start date.

Nursing facilities' uncompensated capital costs and FY 2009 Medicaid rates

The bill revises certain laws governing per diem payments for nursing facilities' uncompensated capital costs and caps the expenditures for the uncompensated capital costs at $4.2 million rather than $7 million.

In addition, the bill provides that the ceiling applicable to the FY 2009 Medicaid rates for certain nursing facilities with uncompensated capital costs is to be not more than 102.75%, and not less than 100%, of the sum of the FY 2008 rate and another amount reflecting uncompensated capital costs.

The bill also requires the Director of Budget and Management to increase for FY 2009 the state share of appropriations to GRF line item 600-525, Health Care/Medicaid, by the amount of the unencumbered balance for FY 2008 of GRF line item 600-529, Capital Compensation Program, with a corresponding increase in the federal share.

H.B. 119 of the 127th General Assembly (the FY 2008-FY 2009 biennium budget) appropriated $7 million in FY 2008 to line item 600-529, Capital Compensation Program. As of May 13, 2008, ODJFS has disbursed approximately $1.5 million of the $7 million.

This provision may increase the Medicaid costs for nursing facilities. However, according to a spokesperson from the Office of Budget and Management, the increase in the costs will likely be offset by the amount of the unencumbered balance for FY 2008 of GRF line item 600-529, Capital Compensation Program, with the corresponding federal share.

Children's hospitals

The bill requires the Director of Budget and Management to increase for FY 2009 the state share of the appropriations to GRF line item 600-525, Health Care/Medicaid, by the amount of the unencumbered balance for FY 2008 of the $6 million that is to be used for payments to children's hospitals, with a corresponding increase in the federal share. The bill also requires ODJFS to expend, not later than June 30, 2009, the entire amount of the reappropriated amount, the corresponding increase in the federal share, and the $6 million plus federal match earmarked for FY 2009 to pay children's hospitals for the supplemental payment.

H.B. 119 earmarked up to $6 million (state share) in GRF line item 600-525, Health Care/Medicaid, in FY 2008 and FY 2009 plus the corresponding federal match, if available, to be used by ODJFS to pay for the Supplemental Payment Program for Children's Hospitals. However, the rules that ODJFS has proposed for the supplemental payment for children's hospitals may result in the FY 2008 earmark being disbursed in FY 2009. The bill will ensure that the earmarks will be spent and not lapsed.

Money Follows the Person Enhanced Reimbursement Fund

The bill creates the Money Follows the Person Enhanced Reimbursement Fund (5AJ0) into which the Director of Budget and Management is to transfer the enhanced portion of the federal grant the state receives under the Money Follows the Person demonstration project. The enhanced federal allotment for FY 2009 is $4.4 million based on enrollment estimates made by ODJFS. The bill also creates line item 600-631, Money Follows the Person, and appropriates $4.4 million in FY 2009.

Ohio is one of 17 states that were awarded federal funding for the Money Follows the Person demonstration projects. The total grant amount is $100 million over a five-year period. The federal government will allocate a portion of the grant each year based upon the projected enrollment numbers estimated by ODJFS. ODJFS cannot enroll more than their annual projected estimates.

The grant will be realized by the state as federal reimbursement on expenditures for transitioning eligible Medicaid members out of institutional settings and into home or community-based care. More specifically, for qualified and demonstrative services the federal government will reimburse the state at an enhanced federal match rate of nearly 80% for Medicaid members for their first 12 months in home or community-based care, while other supplemental services will be reimbursed at the regular Medicaid federal match (the regular federal match for most services is 62.14% in federal fiscal year 2009). After the 12-month period ODJFS will draw down the regular federal match for each transitioned Medicaid member.

Medicaid rates for durable medical equipment

The bill prohibits any change in the Medicaid reimbursement rates that apply to providers of durable medical equipment until July 1, 2009, and requires, beginning July 1, 2009, that ODJFS use a cost analysis methodology with a statistically significant sample of various types of durable medical equipment providers to establish Medicaid reimbursement rates for durable medical equipment. The bill mandates that the statistical mean cost that is the result of the analysis be used to establish the reimbursement rates. ODJFS will also experience a minimal increase in administrative costs as a result of establishing a cost analysis methodology.

ODJFS has been pursuing a recommendation from the Ohio Commission to Reform Medicaid to negotiate distinct provider contracts with durable medical equipment providers. This provision may impact the savings ODJFS could realize from negotiating competitive contracts with individual vendors.

Medicaid cost containment

The bill revises the law that requires the Director of Job and Family Services to prepare quarterly reports on Medicaid cost containment measures. The bill specifies certain information to be included in the report. Thus, the bill could result in increased administrative costs for ODJFS. However, the fiscal impact is expected to be minimal.

Use of third-party information for the Title IV-D child support program

The bill permits information received by ODJFS for the purpose of establishing third-party liability under the Medicaid Program to also be used for purposes directly connected to ODJFS's child support enforcement program. Currently, ODJFS has two contracts with Health Management Systems to provide this information, one for Medicaid and one for child support. The bill will allow both programs to utilize the same information, making it necessary to maintain only one contract through the Medicaid Program. This change is expected to save approximately $680,000 in FY 2009 between GRF line item 600-416, Computer Projects, and line item 600-626, Child Support (Fund 397).

Child Support Collections/TANF MOE

The bill increases the appropriation to line item 600-658, Child Support Collections (Fund 4A8), by $5,248,417 in FY 2009, and changes the allowable use of child support collections that have been assigned to ODJFS. Once Temporary Assistance for Needy Families maintenance of effort has been met, the bill allows the remaining funds to be used for public assistance activities instead of child support activities. ODJFS plans to use the remaining fund to cover the anticipated $7 million shortfall for the Disability Financial Assistance (DFA) Program in FY 2009. DFA provides financial assistance to persons who are unemployable due to a physical or mental impairment, and who are not eligible for public assistance programs that are supported in whole or in part by federal funds. The expected shortfall in the DFA Program is due primarily to caseloads rising above projections. ODJFS projected that monthly caseloads would be between 15,000 and 16,000 in FY 2008. The current DFA Program enrollment is nearing 17,000 and ODJFS expects that caseloads will continue to increase to almost 18,000 by the end of FY 2009.

Ohio Department of Mental Retardation and Developmental Disabilities (ODMR/DD)

Autism Preschool Program and ICF/MR franchise permit fee

The bill increases the franchise permit fee on intermediate care facilities for the mentally retarded (ICFs/MR) to $12.38 effective July 1, 2008, and provides for 2.1% of the revenue raised by the ICF/MR franchise permit fee to be deposited into a new fund created in the state treasury, the Autism Preschool Program Fund, which is to be used for the Autism Preschool Program.

The bill requires the Executive Director of the Ohio Center for Autism and Low Incidence, working in consultation with the Director of Mental Retardation and Developmental Disabilities, to establish the Autism Preschool Program under which grants are to be provided to eligible entities for the purpose of assisting the entities in operating programs to improve the lives of preschool children who have a primary diagnosis of autism.

The bill appropriates $1 million in FY 2009 to newly created line item 322-632, Autism Preschool Program (Fund 5CT), in ODMR/DD, and earmarks those moneys for the Educational Service Center of Franklin County to administer the Autism Preschool Program. The bill also specifies that the Director of Mental Retardation and Developmental Disabilities and the Superintendent of the Educational Service Center of Franklin County are to enter into an agreement, which must require the Superintendent, at the end of each grant period, to submit a report to the Director of Mental Retardation and Developmental Disabilities on the Autism Preschool Program detailing the use of the funds and outcomes of the program funded by the grant.

The bill increases the appropriations to line items 600-621, ICF/MR Bed Assessments (Fund 4K1), and 600-623, Health Care Federal (Fund 3F0), in ODJFS due to the increase in the ICR/MR franchise permit fee.

Mean total per diem rate for ICFs/MR

The bill provides that, for FY 2009, the mean total per diem rate for all ICFs/MR under Medicaid, weighted by May 2008 Medicaid days and calculated as of July 1, 2008, is not to exceed $276.13 rather than $271.46.

Conversion of ICF/MR beds

The bill includes several provisions related to the conversion of beds in an ICF/MR to home and community-based services. Specifically, the bill stipulates that if any ICF/MR converts some or all of the beds in the facility from providing ICF/MR services to providing home and community-based services the Director of Mental Retardation and Developmental Disabilities must certify, on a quarterly basis, to the Director of Budget and Management, the estimated amount to be transferred from ODJFS to ODMR/DD for the provision of waiver services. The Director of Budget and Management may then adjust appropriations in specific line items accordingly to account for the transfer. The bill allows ODJFS to petition the U.S. Secretary of Health and Human Services for not more than 100 slots for the purpose of ICF/MR conversions and to accommodate ODMR/DD's request for additional slots. These provisions may result in some cost savings to GRF line item 600-525, Health Care/Medicaid. However, the extent of the savings, if any, will depend on the amount that an individual's waiver costs are estimated to be less than the daily rate for care in an ICF/MR. According to FY 2007 data obtained from the Decision Support System, the average annual cost of providing ICF/MR services is approximately $83,500 in a private facility and approximately $111,300 in a public facility. The average annual cost of services provided on an Individual Options waiver is approximately $56,200 and the average annual cost of services provided on a Level 1 waiver is approximately $9,800. Based on these cost estimates, and assuming that the maximum of 100 slots are approved, there could be cost savings ranging from $2.7 million to $10.2 million as a result of these provisions. (Forty percent of these cost savings are state share.)

The bill also deletes references to the ICF/MR Conversion Pilot Program, which is no longer being pursued by ODJFS and ODMR/DD. Am. Sub. H.B. 66 of the 126th General Assembly required that the Director of Job and Family Services apply for a federal Medicaid waiver authorizing an ICF/MR Conversion Pilot Program under which ICFs/MR could volunteer to convert from providing ICF/MR services to providing home and community-based services and established the ICF/MR Advisory Council to develop the specifics of the pilot program, such as eligibility criteria and services provided. However, the federal waiver was not obtained and the pilot program was not developed or implemented. Therefore, any potential costs to develop and implement this program and any anticipated savings directly related to this pilot program will not be realized.

Medicaid case management service fee

Currently, ODMR/DD charges county MR/DD boards an annual fee of 1.5% of the total value of all Medicaid paid claims for Medicaid case management services and home and community-based care services. These fees are deposited into Fund 5S2, Medicaid Administration and Oversight. The bill eliminates this fee, which is expected to result in a revenue loss of $500,000 annually for ODMR/DD. County MR/DD boards will experience a cost savings due to no longer being required to pay this fee.

Gallipolis Developmental Center Pilot Program

The bill revises the law governing the Gallipolis Developmental Center Pilot Program. It provides that the Gallipolis Developmental Center is to operate an ICF/MR with eight beds at a site separate from the grounds of the developmental center instead of providing home and community-based services under the Individual Options Medicaid Waiver Program to not more than ten individuals at one time. The program is to be established during calendar year 2009, but its operation is not restricted to calendar year 2009. The bill eliminates a requirement that all expenses the Center incurs in participating in the pilot program be paid from the Medicaid payments the Center receives for providing services under the pilot program. The bill requires that the report on the pilot program include recommendations regarding its continuation and whether other developmental centers should be permitted to establish and operate ICFs/MR at sites separate from the grounds of developmental centers. ODMR/DD is expecting to experience cost savings as a result of the changes to the pilot program.

Tax equity payments

The bill revises the way in which tax equity payments to county MR/DD boards are calculated. For FY 2009, if ODMR/DD determines that sufficient funds are available, ODMR/DD must use GRF line item 322-503, Tax Equity, to pay each county MR/DD board an amount that is equal to the amount received for FY 2008. If ODMR/DD determines that there are not sufficient funds available in the line item for this purpose, ODMR/DD must pay each county board an amount that is proportionate to the amount the board received for FY 2008. Proportionality is determined by dividing the total tax equity payments distributed to county boards for FY 2008 by the tax equity payment a county board received for FY 2008. According to the Office of Budget and Management, a recent review of the formula used to calculate the tax equity subsidy revealed the usage of incorrect information for one component beginning with the FY 2005 payment. This provision requires that the payment for FY 2009 be based on the corrected FY 2008 calculation. In addition, in the event of GRF budget reductions in FY 2009, this provision authorizes ODMR/DD to calculate FY 2009 payments in proportion to those made in FY 2008. In FYs 2008 and 2009, $14 million is appropriated for this purpose. If there are GRF budget reductions for FY 2009, the county MR/DD boards will experience a loss of revenue. The magnitude of such a loss will depend on the amount of a reduction.

Ohio Department of Health (ODH) and Attorney General

Pneumococcal Vaccines for Children

The bill transfers $950,000 from the General Reimbursement Fund (Fund 1060) to the Public Health Priority Trust Fund (Fund L087) in FY 2009 and appropriates this amount to line item 440-423, Pneumococcal Vaccines for Children.

Ohio Department of Health and Board of Regents (BOR)

Dentist Loan Repayment Program

The bill requires ODH to exclusively oversee the implementation and administration of the Dentist Loan Repayment Program, rather than participate in a joint effort between ODH and BOR. Currently, appropriations are in BOR. The bill cancels existing encumbrances against BOR's line item 235-624, Ohio Dental Loan Repayment (Fund 5ZY), and re-establishes them against ODH's newly created line item 440-624, Ohio Dental Loan Repayment. These re-established amounts are appropriated. The bill also appropriates at least $140,000 in FY 2009 to line item 440-624, Ohio Dental Loan Repayment (SSR Fund 5Z7). Additionally, the bill transfers the amount of cash remaining from BOR's Fund 3T0, National Health Services Corps – Ohio Loan Repayment, to ODH's Fund 392, Federal Public Health Programs. Any outstanding encumbrances for the program for FY 2008 in Fund 3T0 are cancelled and re-established in Fund 392. Appropriations will likely be established in ODH in future years in the main biennial operating appropriations act.

Physician Loan Repayment Program

The bill requires ODH to exclusively oversee the implementation and administration of the Physician Loan Repayment Program, rather than participate in a joint effort between ODH and BOR. The bill also increases physicians' loan repayment amounts from not more than $20,000 in each of the four years of repayment, to $25,000 in each of the first two years and $35,000 in each of the last two years. The bill adds more primary care specialties to the list of those that qualify for participation in the program.

Currently, appropriations for the program are in BOR. The bill cancels existing encumbrances against BOR line item 235-604, Physician Loan Repayment (Fund 4P4), and re-establishes them against ODH's newly created line item 440-628, Ohio Physician Loan Repayment (Fund 4P4). The bill also increases the appropriation to line item 440-628, Ohio Physician Loan Repayment, by $476,870 in FY 2009 and eliminates the appropriation for the same amount in BOR's line item 235-604, Physician Loan Repayment. Appropriations will likely be established in ODH in future years in the main biennial operating appropriations act.

Ohio Department of Mental Health (ODMH)

The bill prohibits the Governor and ODMH from closing a state mental health facility for six months after the effective date of this provision in the bill. The budget recalibration memorandum issued by the Governor mentions the closure of two mental health facilities as a possibility to reduce costs for ODMH in FY 2009. A moratorium prohibiting the closure of a mental health facility may delay the realization of any savings.

Rehabilitation Services Commission (RSC)

Community Rehabilitation Program

H.B. 119 requires that RSC use $125,000 in FY 2008 and $125,000 in FY 2009 of line item 415-616, Federal Vocational Rehabilitation, to establish and implement a Community Rehabilitation Program national accreditation compliance and monitoring program administered by the Ohio Association of Rehabilitation Facilities (OARF). The bill alters the earmark by requiring the use of $250,000 *over the biennium* and requires RSC to enter into contract with OARF within 30 days of the effective date of the bill.

Respiratory Care Board

Home medical equipment service providers license and registration renewal

The bill requires the Ohio Respiratory Care Board to issue and renew licenses and certificates of registration to providers of home medical equipment services according to biennial periods based on even-numbered years. Currently, these licenses and registrations are renewed biennially according to time of application/renewal. Thus, renewal could be required in an odd or even-numbered year depending upon initial registration or licensure. This provision could have an effect on revenues initially (during the first year of the biennial registration period that this change takes place); however, it is expected that this effect will be revenue neutral over the course of the biennial registration period.

The bill authorizes the Board to waive all or part of the fee for an initial license or certificate, if the license or certificate is issued in the last six months of the biennial licensing or registration period. The bill also authorizes the Board to waive all or part of the continuing education requirements for the first renewal of a license that was issued in the last six months of the biennial licensing period. Waiving the fee could result in a decrease in revenue to the Board if this is not currently done.

Local community mental health boards and alcohol and drug addiction services boards

Merger of local boards

The bill permits a county with a community mental health (CMH) board and an alcohol and drug addiction services (ADAS) board to combine the boards into a single board of alcohol, drug addiction, and mental health services board (ADAMH). The bill also requires that all ADAMH board memberships equally represent people interested in mental health programs and alcohol and drug addiction programs. There are five ADAS and five CMH boards in the state. Combining an ADAS and CMH board into an ADAMH board may result in administrative cost savings for the local boards due to potential economies of scale.

Section 3: Education

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Increase of approximately $1.1 million annually for Ohio College Opportunity Grants for nursing diploma students	
	Increase of $483,426	Increase of $483,426	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

Board of Regents

- ***Ohio College Opportunity Grants (OCOG).*** The bill extends eligibility for OCOG to include students of nursing diploma programs. The cost of state financial aid for these additional students may be approximately $1.1 million per year.

- ***Appropriation adjustments.*** The bill increases GRF appropriation item 235-552, Capital Component, by $483,426 in FY 2008 and FY 2009. The bill also transfers $700,000 from capital appropriation item C315F5, Wood County Center for Agriculture, under The Ohio State University, to capital appropriation item C24036, Wood County Environmental Health Project, under Bowling Green University.

School Facilities Commission

- ***Construction of new facilities for the state schools for the blind and deaf.*** The bill earmarks $37,080,000 from Fund 7032, capital appropriation item C23002, School Building Program Assistance, for use in the construction of new and the renovation of old buildings on the current campuses of the State School for the Blind and the School for the Deaf.

- ***Adjustments to certain districts' local shares.*** The bill makes various changes that lower certain school districts' local shares of the costs of facilities projects. This will reduce the costs of the projects borne by the school districts and increase the costs borne by the state.

Department of Education

- ***Nonpublic Administrative Cost Reimbursement.*** The bill requires the Ohio Department of Education (ODE) to proportionally distribute to chartered nonpublic schools the unspent amount appropriated in FY 2008 and FY 2009 in GRF appropriation item 200532, Nonpublic Administrative Cost Reimbursement. As of the end of April 2008, approximately $75,000 of the FY 2008 appropriation remained unspent.

Local Fiscal Highlights

School districts

- ***Open enrollment adjustment*.** Am. Sub. H.B. 119 of the 127th General Assembly instituted a policy change to allow a school district to be served sooner and receive more funding from the state if the district's net gain in open enrollment students is at least 10% of the district's formula average daily membership. The H.B. 119 provision affects funding beginning in FY 2010. The bill allows approximately 19 districts that have not yet been offered funding under the state's Classroom Facilities Assistance Program (CFAP) and approximately three districts that have been offered funding to receive the benefits of this policy change before FY 2010.

- ***Property valuation adjustment*.** The bill permits districts with large decreases in adjusted property valuation per pupil for FY 2008 to base their local shares of CFAP funding on their adjusted property valuation per pupil for that year rather than on a three-year average. This provision is expected to lower the local share of approximately one school district.

- ***Local shares for additional School Facilities Commission projects*.** For districts that are approved for funding for additional facility projects after previously receiving funding, the bill caps the local shares of the additional projects. This provision is expected to benefit about 15 districts.

- ***Joint vocational school district (JVSD) funding*.** The bill permits, in FY 2008, the School Facilities Commission to spend up to 3% instead of up to 2% of certain state facilities funding on the Joint Vocational School Facilities Assistance Program. This may allow more joint vocational school districts to receive funding in FY 2008.

- ***Fees for jointly operated educational programs*.** The bill permits school districts to charge fees or tuition to its resident students who participate in a jointly operated educational program.

- ***Reimbursements for property tax losses*.** The bill makes some changes to the way reimbursements for property tax losses due to the phase-out of the business tangible personal property tax and due to utility deregulation are calculated. These changes may affect the payments received by certain districts depending on the specific circumstances of each district.

Detailed Fiscal Analysis

Board of Regents

Ohio College Opportunity Grants

The bill extends eligibility for the Ohio College Opportunity Grant (OCOG) to include students of nursing diploma programs approved by the Board of Nursing. In FY 2007 there were five nursing diploma programs statewide, with about 855 enrolled students. Full-time students of these programs would be eligible to receive a maximum award of almost $4,000, however, the average award for students of career colleges is about $2,800. The Board of Regents (BOR) indicates that approximately 45% of career college students receive state financial aid. If 45% of nursing diploma students (385 students) receive an average award, the cost of the additional eligible students may be approximately $1.1 million (385 x $2,800) per year.

The bill also delays a provision of Am. Sub. H.B. 119 of the 127th General Assembly that denies OCOG eligibility to newly enrolled students of proprietary schools unless the schools receive authorization from BOR. Under current law the schools needed to receive authorization before the 2008-2009 academic year. BOR was expected to complete the review and authorization process for all eligible proprietary schools by that time, but has recently indicated that it will be unable to do so. The bill delays the authorization requirement until the 2009-2010 academic year. Appropriations for OCOG were made under the assumption that these schools would receive authorization in time and their students would be eligible during the 2008-2009 academic year, so the delay is not expected to increase expenditures.

Appropriation adjustments

The bill increases GRF appropriation item 235-552, Capital Component, by $483,426 in FY 2008 and FY 2009. These funds are distributed to state institutions of higher education as an incentive to use capital funds efficiently. Each institution is allocated a formula-determined amount of funds for debt service on bonds issued to pay for the institution's capital projects. The allocated amount is based on campus size, enrollment, and other indicators of capital needs. If an institution requires a lesser amount of funds for debt service than what is allocated to it, the institution receives a payment through this appropriation.

The bill transfers $700,000 from capital appropriation item C315F5, Wood County Center for Agriculture, under The Ohio State University, to capital appropriation item C24036, Wood County Environmental Health Project, under Bowling Green University.

The bill transfers responsibility for the Dental Loan Repayment Program and the Physician Loan Repayment Program to the Department of Health exclusively. Please see the Health and Human Services section of this fiscal note for an analysis of the fiscal impact of these provisions.

Distance Learning Clearinghouse

The bill transfers the Distance Learning Clearinghouse from the eTech Ohio Commission to the Chancellor of the Board of Regents. It also expands the types of course providers with access to the Clearinghouse from public primary and secondary schools to include public and private colleges and universities and other nonprofit and for-profit course providers. Establishment of the Clearinghouse was required by Am. Sub. H.B. 119 of the 127th General Assembly. Currently, the Clearinghouse is still in its planning stage, with applications from providers scheduled to start to be accepted in the fall of 2008. The bill requires the Chancellor to approve a common software program for the delivery of courses through the Clearinghouse. This requirement and the other responsibilities of maintaining and administering the Clearinghouse may increase BOR's administrative costs. The bill authorizes the Chancellor to retain a percentage of the fees charged by providers to course users to offset these costs.

University treasurers' insurance

Under current law, the treasurers of The Ohio State University, Bowling Green State University, Kent State University, Central State University, Cleveland State University, Wright State University, Youngstown State University, University of Akron, University of Cincinnati, and University of Toledo are required to take out a bond generally for the amount of money that may be in the university treasurer's control at any one time. The bill permits the universities to insure treasurers for this amount in lieu of the bond. The bill also eliminates the requirement that The Ohio State University treasurer have a bond (or insurance) that covers the probable amount that will be under the treasurer's control *in any one year*. The insurance option may decrease expenditures for the universities affected.

School Facilities Commission

Construction of new schools for the blind and deaf

The bill earmarks $37,080,000 from Fund 7032, capital appropriation item C23002, School Building Program Assistance, for use in the construction of new and the renovation of old buildings on the current campuses of the schools for the blind and the deaf. The School Facilities Commission (SFC) is required to administer the projects according to a memorandum of understanding signed by the three parties. In addition, the bill states that these parties agree, in the memorandum, that the earmarked amount will be sufficient to complete the construction and renovation of both projects and that no additional appropriations will be needed.

Adjustments to certain districts' local shares

The bill makes various changes that affect certain school districts' local shares under the Classroom Facilities Assistance Program (CFAP), the main program of SFC, and in one case under the Exceptional Needs Program (ENP). CFAP is a state and local partnership to rebuild all Ohio schools. It is designed to address all of a school district's facility needs. The funding priority as well as the state and local shares of a project cost are largely determined by a district's percentile ranking in its three-year average property valuation per pupil (with a small income adjustment). A school district with a lower percentile ranking (i.e., a lower wealth district) is generally served first and has a greater state share of the project cost than a district with a higher percentile ranking (i.e., a higher wealth district). For most districts, in fact, the percentage of the project cost that comprises their local share is equal to their percentile ranking. Under current law, the Ohio Department of Education (ODE) is required to certify to SFC, by September 1st of each year, a list of school district percentile rankings in valuations per pupil. This percentile-ranking list is also commonly known as the equity list. In a given fiscal year the prior year's equity list is used for purposes of determining CFAP funding eligibility as well as state and local shares of a project cost. Therefore, CFAP funding for FY 2009 is based on the equity list for FY 2008.

The bill requires the recalculation of certain districts' percentile rankings, which will result in lowering the local share of certain districts' CFAP projects. This will reduce the costs of the projects borne by the school districts and increase the costs borne by the state. The actual cost changes will depend on the project costs of the affected districts, which in most cases have not yet been determined. This analysis gives estimates, where available, of the decrease in affected districts' percentile rankings. For most districts, this decrease in percentile ranking will translate into an equivalent decrease in the districts' local share percentages of their basic project costs.

***Open enrollment adjustment*.** Am. Sub. H.B. 119 of the 127th General Assembly instituted a policy change to include a district's net gain in open enrollment students in its formula average daily membership (ADM) for purposes of calculating the district's valuation per pupil if the district's net gain in open enrollment students is at least 10% of its formula ADM.[2] With a constant total taxable valuation, adding additional students to a district's formula ADM effectively lowers the district's valuation per pupil, thus lowering the district's percentile ranking and allowing the district to be served sooner and receive a greater state share. This policy change took effect September 29, 2007, a date after the deadline by which ODE is required to certify the equity list for FY 2008. Therefore, the policy change made in H.B. 119 will first affect the equity list for FY 2009, which will be used for CFAP funding in FY 2010.

The bill requires ODE to calculate an alternate equity list for FY 2008. This alternate list is to include net open enrollment students in a district's formula ADM as required by H.B. 119 for purposes of calculating a district's valuation per pupil. SFC is to use this alternate list to determine FY 2009 CFAP funding for a district that has not previously been offered funding. This provision effectively allows school districts to start receiving the H.B. 119 benefits one year sooner, in FY 2009 instead of FY 2010.

According to the most current data received from ODE, about 47 districts will receive lower percentile rankings in the alternate equity list for FY 2008. Of these 47 districts, 28 districts either have already been offered CFAP funding or have percentile rankings on the alternate list that are too high to qualify the district for funding in FY 2009. SFC anticipates that many of the remaining 19 districts, shown in the table below, may be offered CFAP funding in FY 2009. As seen from the table, the differences in school district percentile rankings between the original and alternate equity lists for FY 2008 range from a thirty-seven percentile rank change for New Boston Local in Scioto County to a two percentile rank change for Elgin Local in Marion County. Note that the number of districts, as well as their percentile rank changes, may be somewhat different by the time the final alternate list is calculated.

[2] A district's formula ADM generally includes students who are residents of the district. Open enrollment students are those nonresident students who enroll in the district through an interdistrict open enrollment policy.

Comparison of Percentile Rankings for School Districts that May Be Served in FY 2009				
School Districts	**County**	**Percentile Ranking – Original Equity List for FY 2008**	**Percentile Ranking – Alternate Equity List for FY 2008**	**Ranking Difference**
New Boston Local SD	Scioto	49	12	-37
Old Fort Local SD	Seneca	53	25	-28
Fairport Harbor Ex Vill SD	Lake	72	50	-22
Pettisville Local SD	Fulton	39	18	-21
Weathersfield Local SD	Trumbull	58	40	-18
Franklin-Monroe Local SD	Darke	34	17	-17
Hopewell-Loudon Local SD	Seneca	67	52	-15
Botkins Local SD	Shelby	44	30	-14
Jefferson Township Local SD	Montgomery	48	35	-13
Shadyside Local SD	Belmont	57	45	-12
Clay Local SD	Scioto	32	20	-12
Ridgedale Local SD	Marion	52	41	-11
Arcadia Local SD	Hancock	59	49	-10
Western Reserve Local SD	Mahoning	56	46	-10
Pleasant Local SD	Marion	66	57	-9
Crestview Local SD	Columbiana	27	20	-7
Russia Local SD	Shelby	41	35	-6
College Corner Local SD	Preble	13	10	-3
Elgin Local SD	Marion	45	43	-2

The bill also applies the open enrollment net gain count to certain school districts that received conditional approval from SFC for a CFAP project after July 1, 2006 and prior to September 29, 2007 (the date the H.B. 119 policy change went into effect). These districts must have an open enrollment net gain of 10% or more of their formula ADM in the fiscal year prior to the fiscal year they received SFC approval. In addition, the districts must have received approval from their electors for a bond issue to pay for the local share within one year of SFC approval and must not have completed the project before September 29, 2007.

For each district that meets these criteria, the bill requires ODE to recalculate that district's percentile ranking for the fiscal year prior to the fiscal year it received SFC approval including the district's net enrollment gain for that year. The bill then requires SFC to use the recalculated percentile ranking to redetermine the district's local share of the basic project cost. SFC estimates that three districts will have reduced local shares as a result: Fairlawn Local (Shelby), Millcreek West Unity Local (Williams), and Ridgemont Local (Hardin).

***Property valuation adjustment*.** As mentioned above, the equity list used for CFAP funding is based on each district's three-year average adjusted property valuation per pupil. The bill requires ODE to create a second alternate equity list (in addition to the one that includes the open enrollment adjustment as described above) for FY 2008 that is based on only the current year's adjusted valuation per pupil. SFC is to use the second alternate equity list to determine funding priority and the state and local shares for FY 2009 for those school districts that have not received CFAP assistance in any year prior to FY 2009 and for which the district's rank on this second alternate equity list is at least 15 percentiles lower than the district's ranking on the original equity list. Based on data received from ODE, it appears that Switzerland of Ohio Local in Monroe County would be affected by this provision. Switzerland of Ohio's ranking on the original equity list (three-year average adjusted valuation per pupil) is 52, which will fall by 15 to 37 based on this alternate equity list (one-year average adjusted valuation per pupil).

***Local shares for additional SFC projects*.** In general, when a district receives facilities assistance from the state, this assistance addresses all of the district's facility needs. However, districts that received facilities assistance prior to SFC creation in May 1997 may have only received assistance for partial fixes and, therefore, may be awarded assistance for an additional project. Also, some districts are found to require additional assistance while their initial project is under construction.[3] Other districts that receive facilities assistance through ENP[4] also may need assistance for an additional project to address all their facility needs. The bill establishes a new method for determining local shares of the additional projects funded for these districts.

For most districts, the local share of the basic project cost is equal to the district's percentile ranking on the equity list. However, a district's local share may be higher if the district's required level of indebtedness[5] is not met using the percentile ranking. Generally, the required level of indebtedness provision only applies to a district that has a small project size relative to its property valuation. Districts receiving funding for additional projects as described above are more likely to have small projects since a portion of their facility needs have already been met. Therefore, under current law, the local shares for these projects may be higher than the district's percentile ranking.

The bill caps these districts' local share percentages. The cap is the greater of their percentile ranking at the time the additional project is approved or their local share percentage paid for the previous project. According to SFC, about 15 districts may be affected by this provision.

Joint vocational school district (JVSD) funding

Under current law, SFC is permitted to set aside annually up to 2% of the aggregate amount appropriated to the Education Facilities Trust Fund (Fund N087), the Public School Building Fund (Fund 7021), and the School Building Program Assistance Fund (Fund 7032) for the Joint Vocational School Facilities Assistance Program (VFAP), which is the main classroom facilities program that supports the state's 49 JVSDs. The bill increases the set-aside amount to up to 3% for FY 2008 only. This increase would allow JVSDs to receive more funding in FY 2008 if SFC chooses to spend up to the 3% limit. About eight JVSDs have been served by VFAP since its creation in FY 2003, with another seven being offered SFC funding in FY 2008.

Segmenting school facilities projects

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[3] The additional assistance can be for reasons such as correcting an oversight or deficiency in a district's initial assessment or for extreme enrollment growth.

[4] ENP generally assists school districts in addressing the health and safety needs associated with a specific building instead of addressing the entire district's needs as under CFAP. No school districts reasonably expected to be served by CFAP within three years can apply for ENP assistance.

[5] The calculation of indebtedness for this provision is specified in the Revised Code.

The bill permits school districts to divide their project into segments when they become eligible for the Classroom Facilities Assistance Program (CFAP). Currently, only the six urban districts (Akron, Cincinnati, Cleveland, Columbus, Dayton, Toledo) participating in SFC's Accelerated Urban Initiative are allowed to divide their CFAP projects into segments. Segmenting generally allows SFC and a district to more easily manage a large project and permits more funding flexibility for the district by allowing them to obtain funding for a smaller portion of the project rather than having to obtain all of the funding for a district-wide fix at once.

Adjustments in reported tax value for certain school districts

The bill requires ODE to recompute and adjust state education aid for FY 2007 and FY 2008 for certain districts with certified taxable values for both those years including an error of at least $10 million in assessed value of tax-exempt public utility property. If state aid is owed as a result of the recomputations, the bill requires ODE to make payments from FY 2008 appropriations. In addition, the bill requires ODE to recompute an eligible school district's adjusted valuation per pupil for purposes of ranking the district on the equity list, which is used to determine the local share of an eligible school district's SFC project. As a result of the recalculation and subsequent payments and rankings adjustment, eligible districts could benefit from additional state aid for operations and facility project costs. At this time, one school district, Westfall Local School District in Pickaway County, appears to be eligible for this recalculation.

Reimbursement from proceeds of tobacco settlement

The bill requires the Executive Director of SFC to report to the Director of Budget and Management, prior to January 1, 2009, the amount of funds expended between September 1, 2007, and June 30, 2008, from the Education Facilities Trust Fund (Fund N087) and from the Public School Building Fund (Fund 7021) that were eligible to be financed from the proceeds of the tobacco settlement bonds that were deposited into the School Building Program Assistance Fund (Fund 7032). The bill then authorizes the Director of Budget and Management to transfer the reported amount from Fund 7032 to funds N087 and 7021 and appropriates any amounts transferred. These funds are all used to support SFC programs.

Department of Education

Nonpublic Administrative Cost Reimbursement

The bill requires ODE to proportionally distribute to chartered nonpublic schools the unspent amount appropriated in FY 2008 and FY 2009 in GRF appropriation item 200532, Nonpublic Administrative Cost Reimbursement, for reimbursement of chartered nonpublic schools mandated administrative costs. Currently, these reimbursements are capped at $300 per pupil. Appropropriations for this item are $59.8 million in FY 2008 and $61.6 million in FY 2009. As of the end of April 2008, approximately $75,000 of the FY 2008 appropriation remained unspent.

Seniors to Sophomores

The bill requires that the new Seniors to Sophomores Program permit nonpublic school students to participate. The program aims to enable high school seniors to take college courses and earn both a year of high school and a year of college credit at the same time. Currently, public school districts and community schools may apply for planning grants to assist them in beginning to offer the program during the 2008-2009 school year. Applicants for these grants are to show how the program will become fiscally self-sustaining in future years by using current state funding paid to schools and higher education institutions as well as contributions from partnering organizations. The bill does not specify how the participation of nonpublic school students is to be funded.

Repayment of Title IV-A Head Start start-up grants

A provision in H.B. 119 postpones the obligation to repay Head Start start-up grants from FY 2004 and FY 2005 for grantees that became providers under the Early Learning Initiative (ELI). ELI is the program that replaced state-funded Head Start. The bill clarifies that repayment obligations incurred prior to FY 2008 are not cancelled. This clarification may result in an increase in repayments. These funds would be deposited into the GRF.

Educational service center payments

The bill allows an educational service center (ESC) to receive per pupil state funds in FY 2009 for services provided to a city or exempted village school district, if that ESC assumes the obligation to provide services to the district from another ESC that (1) ceased to operate because all of the local school districts constituting its territory severed from the ESC, and (2) entered into the original agreement by January 1, 1997. Under existing temporary law, an ESC cannot receive per pupil state funds for services to city or exempted village school districts unless the ESC entered into an agreement for those services by January 1, 1997. Under the bill, funding for services provided may shift from one ESC to another, but total payments made by the state are determined by an earmark and therefore, will not change.

The bill also allows a Science, Technology, Engineering, and Math (STEM) school to contract with a joint vocational school district or educational service center for services. Under the bill, payment of the contract amounts are made by ODE and deducted from the state aid account of the STEM school. The contract may also specify that the ESC is to receive state per-pupil payments as well. The bill permits these payments only if funds remain after payments for all other students are made. As above, since total payments made by the state are determined by an earmark, they will not change due to this provision of the bill.

Ohio Center for Autism and Low Incidence

The bill requires the Franklin County Educational Service Center, instead of ODE as under current law, to establish the Ohio Center for Autism and Low Incidence (OCALI), which was created under Am. Sub. H.B. 66 of the 126th General Assembly. The bill requires ODE to contract with an entity to provide services currently being provided by OCALI, but to give primary consideration to OCALI when selecting the entity. This provision may affect ODE's administrative costs as ODE will need to award and monitor the contract and will no longer be responsible for appointing and overseeing OCALI's executive director. The majority of funding for OCALI comes through a federal grant that passes through ODE.

The bill also requires OCALI to establish the Autism Preschool Program. Please see the Health and Human Services section of this fiscal note for an analysis of the fiscal impact of this provision.

Community schools

The bill permits a community school to be located in more than one facility and to assign students of the same grade level to different facilities under certain restrictive conditions. It also permits a community school to have facilities located in two separate school districts under other conditions. In addition, the bill permits the governing authority of a start-up community school sponsored by a Big Eight school district to open an additional start-up school under certain conditions. Finally, it permits ESCs, instead of only school districts, to sponsor conversion community schools. These provisions may result in an increase in community school enrollment. If community school enrollment increases, state funding is shifted from community school students' resident school districts to the community school. On the other hand, the school districts are no longer responsible for educating the students.

For funding purposes, a student's full-time equivalency (FTE) enrollment at a community school is determined by the portion of the school's regular annual schedule attended by the student. For FY 2008 funding only, the bill requires the Superintendent of Public Instruction to waive hours or days that community schools were closed for public calamities when calculating the FTE enrollment of the school's students so long as the school was actually open for instruction with students in attendance for at least 920 hours.[6] This provision allows the community school to receive full state funding without having to make up the hours or days it was closed.

The bill permits two or more community schools to enter into pooling agreements to jointly purchase goods and services, including health insurance for employees or liability insurance for the schools, or to provide student transportation. Presumably, community schools may be able to realize a decrease in expenditures by purchasing through pooling agreements.

The bill establishes a five-year demonstration project at the ISUS (Improved Solutions for Urban Systems) Institutes of Construction Technology, Manufacturing, and Health Care to run from FY 2009 through FY 2013. The purpose of the project is to collect and analyze data concerning community schools that operate dropout prevention and recovery programs. The bill requires the ISUS schools to select, subject to ODE approval, and pay the costs of hiring an independent evaluator to create a study plan and collect and analyze data from the institutes. The evaluator is required to report data to various groups and individuals by September 30 of each year, with a final report due by December 31, 2013. This provision will likely increase expenditures for ISUS community schools.

[6] Continuing law requires that community schools offer a minimum of 920 hours of instruction during the school year.

School Districts

Calamity days

Continuing law generally requires that school districts provide 182 days of instruction during each school year,[7] except that districts are permitted to close schools for up to five days per year for public calamities without making up these days. If districts close schools for more than five days in a school year, they must make up that lost instructional time. If they do not make up the time, districts forfeit state aid for the next school year. The bill waives the requirement to make up a day a school was closed due to flooding from a burst water pipe during the 2007-2008 school year if a district meets certain restrictive conditions. Under the bill, a district that meets these criteria will save the cost of making up the day. If, on the other hand, the district is not able to make up the day, even without the bill's passage, the bill prevents the district from losing state aid in FY 2009.

Fees for jointly operated educational programs

The bill permits a school district that has entered into an agreement with one or more other districts for joint or cooperative operation of an educational program to charge fees or tuition to its resident students who participate in the program. This may allow school districts to increase revenues. The amount of the increase will depend on the fees or tuition charged and the number of participating students.

School district property transfers

The bill requires the written consent of 75% of the affected property owners when a school district proposes, on its own initiative, to transfer five acres or more of its territory to another school district. To the extent this provision prevents transfers of territory, the resulting transfers of local revenues as well as of the responsibility for educating certain students will also be prevented.

Tangible personal property tax reimbursement calculations

Under current law, the state education offset, which represents the increase in state aid due to the phase-out of the business tangible personal property tax, is calculated at the beginning of each fiscal year using projected data. The bill requires that the state education offset be recalculated at the end of each fiscal year and then again in December of the following fiscal year using actual data. Theoretically, the calculations should not be very different. However, due to the supplements and the guarantees in the formula there will be some level of uncertainty each fiscal year as to what the offset will be until the final calculation is made. The offset is subtracted from the total amount of each district's tax loss to determine the district's direct reimbursement payments. Under the bill, therefore, these direct reimbursement payments may be higher or lower for certain school districts than under current law. The total state payment may also be either higher or lower.

[7] Including designated time for parent-teacher conferences and teacher professional development.

School district fixed-sum levy loss reimbursement

Under current law, losses due to the phase-out of the business tangible personal property tax from school district emergency levies that are greater than one-half mill may be reimbursed, under certain conditions, even after they expire. The term "emergency levy" generally refers to a fixed-sum levy used for current expenses that is enacted under R.C. 5705.194. The bill clarifies that a phased-in fixed amount levy enacted under R.C. 5705.213, which is also a fixed-sum levy used for current expenses, but is much less common than the typical emergency levy, may also be reimbursed after it expires. There are two school districts that have a levy enacted under R.C. 5705.213: Woodridge Local School District in Summit County and Perrysburg Exempted Village School District in Wood County. The annual reimbursable fixed-sum levy losses for these districts are $85,872 and $116,742, respectively.

Utility property tax replacement payments

The bill modifies the calculation of utility deregulation-related property tax replacement payments to school districts by neutralizing the state school funding effects of the phase-out of business tangible personal property taxes. The result is that some school districts may continue to receive property tax replacement payments longer than they otherwise would.

School district tax levies

The bill permits school districts to levy an "emergency" property tax up to ten years rather than up to five years as under current law. The bill also permits school districts, with voter approval, to "substitute" one or more of their existing emergency property tax levies with a new type of emergency levy that may be in effect for up to ten years or for a continuing period of time. This new type of levy is for a specified amount in the first year it is levied, but in future years the revenue from the levy increases with the addition of taxable property to the tax list. This new type of levy is excluded from the H.B. 920 20-mill "floor." As a result, a district may allow the effective rate on its current expense levies to decline until the district reaches the 20-mill floor, so that the district will receive inflationary increases in revenue on those current expense levies, but supplement its revenue with a longer-term levy that increases with new construction. If voters approve these new types of levies or longer-term emergency levies, school districts may not need to return to the ballot for voter approval of levies as frequently as under current law.

Section 4: Judiciary

State Fiscal Highlights

STATE FUND	FY 2009 – FUTURE YEARS
General Revenue Fund (GRF)	
Revenues	- 0 -
Expenditures	Potential change in amount of wrongful imprisonment awards, annual magnitude and direction uncertain
Indigent Defense Support Fund (New Fund) – Public Defender	
Revenues	Potential gain, up to $8.2 million or more annually
Expenditures	Potential annual increase, up to available revenues
Drug Law Enforcement Fund (New Fund) – Public Safety	
Revenues	Potential gain, up to $4.9 million or more annually
Expenditures	Potential annual increase, up to available revenues
Indigent Drivers Alcohol Treatment Fund (Fund 049) – Alcohol and Drug Addiction Services	
Revenues	Potential gain, up to $3.3 million or more annually
Expenditures	Potential annual increase, up to available revenues

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

Office of the Ohio Public Defender

- ***Indigent Defense Support Fund.*** The bill directs that 50%, or $5, of the additional $10 in court costs be deposited in the state treasury to the credit of the Indigent Defense Support Fund, to be administered by the State Public Defender for the purpose of reimbursing counties for the provision of indigent criminal defense services. LSC fiscal staff estimates the resulting amount of moneys that will be generated to the credit of the Indigent Defense Support Fund at up to $8.2 million or more annually.

Department of Public Safety

- ***Drug Law Enforcement Fund*.** The bill creates the Drug Law Enforcement Fund to be administered by the Division of Criminal Justice Services for the purpose of awarding grants to local drug task forces to defray the expenses incurred in performing its functions related to the enforcement of the state's drug laws and other state laws related to illegal drug activity and directs that 30%, or $3, of the additional $10 in court costs be deposited in the state treasury to the credit of the Drug Law Enforcement Fund. LSC fiscal staff estimates the resulting amount of moneys that will be generated to the credit of the Drug Law Enforcement Fund at up to $4.9 million or more annually.

Department of Alcohol and Drug Addiction Services

- ***Indigent Drivers Alcohol Treatment Fund*.** The bill directs that 20%, or $2, of the additional $10 in court costs is to be deposited in the state treasury to the credit of the existing Indigent Drivers Alcohol Treatment Fund (Fund 049), to be distributed by the Department of Alcohol and Drug Addiction Services to counties and municipalities for the costs of alcohol monitoring provided to indigent defendants. LSC fiscal staff estimates the resulting amount of moneys that will be generated to the credit of Fund 049 at up to $3.3 million or more annually.

Court of Claims and Auditor of State

- ***Wrongful imprisonment determinations*.** The bill modifies the formula used by the Auditor of State in determining the amount of the adjustment to be made in the dollar figure specified by statute for a recovery by a wrongfully imprisoned individual. As a result, an individual eligible for a monetary award based on a claim of wrongful imprisonment (as determined by the Court of Claims) may receive a larger or smaller settlement award depending on whether the consumer price index (CPI) adjustment increases or decreases over the two-year period. Given the number of factors that are considered when making such awards, one of which is formula-driven, it is difficult to predict with any certainty the potential annual magnitude and direction of this modification on the state's GRF, which is the typical source of moneys for the payment of wrongful imprisonment settlements.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008 – FUTURE YEARS
County Indigent Criminal Defense Systems	
Revenues	Potential gain in state financial assistance, up to $8.2 million or more annually statewide
Expenditures	- 0 -
Drug Task Forces	
Revenues	Potential gain in state financial assistance, up to $4.9 million or more annually statewide
Expenditures	- 0 -
County and Municipal Indigent Drivers Alcohol Treatment Funds	
Revenues	Potential gain in state financial assistance, up to $3.3 million or more annually statewide
Expenditures	- 0 -
Clerks of Courts	
Revenues	- 0 -
Expenditures	Potential, perhaps no more than minimal, annual increase to administer locally collected state court costs

Note: For most local governments, the fiscal year is a calendar year. The school district fiscal year is July 1 through June 30.

Additional court costs on moving violations

- ***Indigent criminal defense services*.** The additional court costs in the bill could generate up to $8.2 million or more for the purpose of reimbursing counties for the cost of providing indigent criminal defense services.

- ***Drug task forces*.** The additional court costs in the bill could generate up to $4.9 million or more to be distributed annually by the Division of Criminal Justice Services to counties, municipal corporations, townships, township police districts, and joint township police districts to defray the expenses that a drug task force incurs in performing its functions related to the enforcement of the state's drug laws and other state laws related to illegal drug activity.

- ***Indigent drivers alcohol treatment funds.*** The additional court costs in the bill could generate up to $3.3 million or more for deposit in county and municipal indigent drivers alcohol treatment funds annually statewide.

- ***Clerks of courts.*** As of this writing, it would not appear that the potential cost to establish and maintain the appropriate controls for any given clerk of court to collect and forward the additional $10 in state court costs would exceed minimal on an ongoing basis.

Detailed Fiscal Analysis

Additional court costs for moving violations

The bill requires a court to impose an additional court cost of $10 for a moving violation to provide funds for certain costs of drug task forces, certain costs of alcohol monitoring provided to indigent offenders, and certain indigent defense costs.

State revenues and expenditures

According to the state's Bureau of Motor Vehicles, in 2006, there were approximately 1,653,000 moving violation convictions statewide, a number that includes violations committed by both commercial and noncommercial drivers. Assuming that the total number of moving violation convictions recorded in subsequent years is more or less similar to calendar year 2006, LSC fiscal staff estimates that the bill's additional court cost of $10 will generate up to $16.53 million or more annually statewide (1,653,000 moving violation convictions x $10).

Compared to more serious criminal violations in which the collection of court costs and fines can become very problematic, it is more likely that persons convicted of moving violations will make an attempt to pay any fines and court costs imposed by a court so as not to risk bench warrants, future arrests on traffic stops, and a possible suspension of their driving privileges. That said, while the collection rate for moving violations is relatively higher than most other types of violations, it is not likely to reach 100%.

The bill directs the additional $10 in court costs be forwarded to the state treasury as follows:

- Fifty percent, or $5, is to be credited to the existing Indigent Defense Support Fund, to be administered by the State Public Defender for the purpose of reimbursing counties for the provision of indigent criminal defense services.

- Thirty percent, or $3, is to be credited to the Drug Law Enforcement Fund, which the bill creates, to be administered by the Division of Criminal Justice Services for the purpose of awarding grants to counties, municipal corporations, townships, township police districts, and joint township police districts to defray the expenses that a drug task force incurs in performing its functions related to the enforcement of the state's drug laws and other state laws related to illegal drug activity.

- Twenty percent, or $2, is to be credited to the existing Indigent Drivers Alcohol Treatment Fund (Fund 049), to be distributed by the Department of Alcohol and Drug Addiction Services to counties and municipalities for the costs of alcohol monitoring provided to indigent defendants.

Table 1 immediately below displays the breakdown and distribution of the revenue that the additional $10 in court costs will generate annually.

Table 1
Distribution of $10 in Additional Court Costs on Moving Violations

State Fund	$10 Additional Court Cost		Total Estimated Annual Revenue
	Dollar Amount	Percentage	
Indigent Defense Support Fund	$5.00	50%	Up to $8,265,000 or more
Drug Law Enforcement Fund	$3.00	30%	Up to $4,959,000 or more
Indigent Drivers Alcohol Treatment Fund	$2.00	20%	Up to $3,306,000 or more
Totals	**$10.00**	**100%**	**Up to $16,530,000 or more**

Under the state's Indigent Defense Reimbursement Program, the State Public Defender subsidizes counties for the cost of providing counsel to indigent persons in criminal and juvenile matters pursuant to the requirements of sections 120.18, 120.28, and 120.33 through 120.35 of the Revised Code. The Revised Code requires the Public Defender to reimburse counties 50% of the costs of operating their local indigent defense systems, unless the legislature appropriates less funding than needed to reimburse at 50%, in which case each county receives a reduced share. The currently enacted level of funding corresponds to a reimbursement rate of about 25% in FY 2008 and 24% in FY 2009. Public Defender fiscal staff has indicated that an increase in annual funding of $8.0 million or so would increase the county reimbursement rate by 6% to 7% each year.

Local revenues and expenditures

The bill, as discussed below, will have direct fiscal effects on at least four local government components as follows: (1) clerks of courts, (2) indigent drivers alcohol treatment funds, (3) county indigent criminal defense systems, and (4) drug task forces.

Clerks of courts. The clerks of municipal courts, county courts, mayor's courts, and courts of common pleas will be required to collect and then forward the specified court costs for deposit in the state treasury. Presumably, these clerks of courts will need to modify their accounting systems in order to properly receipt and disburse the additional court cost amounts to the state treasury. As of this writing, it would not appear that the potential cost to establish and maintain the appropriate controls for any given clerk of court would exceed minimal on an ongoing basis.

Indigent drivers alcohol treatment funds. Under current law, counties and municipalities are eligible to receive state financial assistance from the Indigent Drivers Alcohol Treatment Fund (Fund 049), which is administered by the Department of Alcohol and Drug Addiction Services for the purpose of funding certain costs incurred by counties and municipalities in administering indigent drivers alcohol treatment programs. The additional court costs in the bill could generate up $3.3 million or more to be disbursed by the state and deposited in county and municipal indigent drivers alcohol treatment funds annually statewide.

County indigent criminal defense systems. As noted above, the additional court costs in the bill could generate up $8.0 million or more for the purpose of reimbursing counties for the cost of providing indigent criminal defense services.

Drug task forces. The additional court costs in the bill could generate up to $4.9 million or more to be distributed annually by the Division of Criminal Justice Services to counties, municipal corporations, townships, township police districts, and joint township police districts to defray the expenses that a drug task force incurs in performing its functions related to the enforcement of the state's drug laws and other state laws related to illegal drug activity.

Court of Claims and Auditor of State

Determination of amount recoverable for wrongful imprisonment

The bill amends section 2743.49 of the Revised Code pertaining to the awards for wrongful imprisonment. Sub. H.B. 551 of the 126th General Assembly (effective April 5, 2007) modified the formula used by the Auditor of State in determining the amount of the adjustment to be made in the dollar figure specified by statute for a recovery by a wrongfully imprisoned individual. The bill returns this section of law to the original language before it was amended.

Under previous law, the formula for determining such settlements is adjusted in January of each odd-numbered year by the Auditor of State. The adjustment is based on the yearly average of the previous two years of the consumer price index (CPI), as defined by the Revised Code. Sub. H.B. 551 of the 126th General Assembly changed how the adjustment for the change in the CPI is to be factored in each year of the two-year adjustment period. Previously, the Auditor of State only factored the CPI adjustment on one year of the two-year adjustment period. The bill will restore this calculation to the methodology used under prior law.

By changing the CPI adjustment, individuals who may be eligible for a monetary award based on a claim of wrongful imprisonment (as determined by the Court of Claims) may receive a larger or smaller settlement award depending on whether the CPI adjustment increases or decreases over the two-year period. Given the number of factors that are considered when making such awards, one of which is formula-driven, it is difficult to predict with any certainty the potential impact on the state's GRF, which is the typical source of moneys for the payment of wrongful imprisonment settlements. Presumably, future payments would increase or decrease by some unknown degree.

County and municipal courts

Driver's license reinstatement fee payment plans

The bill is intended to clarify a court's authority to establish an installment payment plan or payment extension in pending cases for reinstatement fees required under a license suspension. Prior law authorized courts, in pending cases, to order driver's license reinstatement fees to be paid in installments or extend the time for making payment. Apparently, as a result of changes that became effective April 4, 2000, pursuant to the enactment of Am. Sub. H.B. 461 of the 126th General Assembly, this authority in pending cases became unclear. From LSC fiscal staff's perspective, based on discussions with several clerks of court, the bill's clarifying language will generally have no discernible effect on state or local government revenues and expenditures.

Section 5: Taxation and Public Utilities

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	Potential gain from telecommunications company forfeitures	Potential gain from telecommunications company forfeitures
Expenditures	Potential increase of at least $2.0 million for newly created Discovery Project	- 0 -	- 0 -
	Increase up to $100,000 for Ohio SaveNOW	Increase up to $100,000 for Ohio SaveNOW	Increase up to $100,000 for Ohio SaveNOW
	- 0 -	Potential decrease in spending on electric service	Potential decrease for up to a five-year period for purchases from any one electric utility
	- 0 -	Potential savings from electronic tax filing requirements	Potential savings from electronic tax filing requirements
Discovery Project Fund (Fund 5APO) – Department of Taxation			
Revenues	Gain of at least $2.0 million from GRF transfer	- 0 -	- 0 -
Expenditures	- 0 -	- 0 -	- 0 -
Telecommunications Relay Service Fund (Fund 5Q50)			
Revenues	- 0 -	Gain of approximately $5 million per year	Gain of approximately $5 million per year
Expenditures	- 0 -	Increase of approximately $5 million per year	Increase of approximately $5 million per year
Department of Insurance Operating Fund (Fund 5540)			
Revenues	Potential gain of approximately $300,000	Potential gain of approximately $300,000	Potential gain of approximately $300,000
Expenditures	- 0 -	- 0 -	- 0 -
Other State Funds			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential decrease in spending on electric service	Potential decrease for up to a five-year period for purchases from any one electric utility

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

Public Utilities Commission (PUCO)

- ***Telecommunications Relay Service.*** Authorizes PUCO to assess service providers, generally meaning companies that provide telephone services, the cost of telecommunications relay service to the hearing and speech impaired beginning January 1, 2009. The resulting revenue is to be deposited into the Telecommunications Relay Service Fund (Fund 5Q50), the establishment of which is codified by the bill. The formula for allocating the assessment across service providers is to be determined by PUCO, but is generally based on the number of customer access lines provided by each company. Based on the contracted amount for FY 2009, the amount of the total assessment is expected to be approximately $5 million per year.

- ***Forfeitures for failure to pay assessment.*** Authorizes PUCO to assess forfeitures up to $1,000 per day on companies that do not pay the assessment established by the bill or do not pay it on time. Any revenue collected under this provision is to be deposited into the GRF. The amount collected would depend on compliance with the requirement to pay the assessment.

- ***Electric company standard service offers.*** Makes changes to the ramp-up percentages applicable to standard service offers determined under the market rate offer option. The ramp-up period limits the speed of phasing in competitively bid prices for certain electric utilities during the five-year ramp-up period. This will further limit the speed of phasing in those prices and is likely to result in savings on electric bills to customers, including state government facilities that purchase power from those utilities. The savings would occur for up to five fiscal years when a market rate option is first offered, and may be up to several million dollars in those years, depending on regulatory decisions made by PUCO.

Treasurer of State

- ***Ohio SaveNOW program.*** Authorizes the Treasurer of State to administer a linked deposit program, the SaveNOW program, designed to encourage personal savings and promote personal financial education.

- ***Small Business Linked Deposit Program.*** Revises the determination of interest rates for the purpose of the Small Business Linked Deposit Program to a rate below current market rates as determined and calculated by the Treasurer.

- ***Definition of financial transaction device.*** Expands the definition of "financial transaction device" to include devices or methods other than those currently enumerated for making an electronic payment of funds owed to a state agency.

Department of Taxation

- ***Tax discovery data system.*** Requires the Department of Taxation to establish and implement a tax discovery data system intended to increase tax collection efficiency, and to purchase the necessary hardware, software, and services by April 1, 2009.

- ***Electronic filing requirements.*** Requires a tax return preparer that files more than 75 original income tax returns, reports, or other tax payment documents in a calendar year to file them electronically if the Tax Commissioner posts on the Department of Taxation's web site acceptable electronic filing methods. Requires vendors, sellers, and some consumers to file sales and use tax returns and pay the taxes electronically in a manner approved by the Tax Commissioner.

Department of Insurance

- ***Insurance agent licenses.*** Requires applicants for licensure as insurance agents to pay a $10 licensure fee regardless of whether the applicant is required to pass a licensure examination. This will likely increase revenue to the Department of Insurance Operating Fund by approximately $300,000.

Tax provisions

- ***Income tax.*** Exempts from the Ohio income tax amounts received from the Military Injury Relief Fund, which are paid to injured or post-traumatic stress disorder-diagnosed armed services members who served in Operation Iraqi Freedom or Operation Enduring Freedom; this may reduce income tax revenue.

- ***Sales and use tax.*** Exempts from the sales tax, sales to a "qualified direct selling entity" of tangible personal property used to store, transport, or handle inventory in a warehouse or distribution center when the inventory is held for direct selling and primarily distributed outside Ohio to independent salespersons, and is not sold from a fixed retail location; this may reduce sales and use tax revenue. Includes as a taxable transaction the sale of "guaranteed auto protection" whereby a party promises to cover the difference between the outstanding loan and the insurance settlement for a "totalled" vehicle, when such protection is included in a motor vehicle sale or lease; this may increase sales and use tax revenue. Exempts from sales and use taxation the sale of full flight simulators and related parts and maintenance; and the sale of aircraft and avionics repair and replacement materials, parts, equipment, and engines, and repair, remodeling, replacement, or maintenance services on aircraft that have a certified maximum takeoff weight greater than 6,000 pounds, or are used in general aviation, when the services are performed at a Federal Aviation Administration certified repair station; this may reduce sales and use tax revenue.

- ***Job retention tax credit.*** Changes the number of years a taxpayer is required to maintain operations at a project site to the greater of seven years or the term of the tax credit plus three years, for the violation of which the taxpayer must repay the state up to 50% of the credit received, and also eliminates the 25% repayment requirement for not maintaining operations longer than one and one-half but not as long as twice the term of the credit; this may reduce revenue from the corporate franchise tax, personal income tax, and commercial activity tax.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2009	FY 2010	FUTURE YEARS
Counties, Municipalities, Townships, School Districts (Electricity Purchases)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	- 0 -	Potential decrease during up to five fiscal years for purchases from any one electric utility

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

Local governments and school districts

- ***Local government and school district purchases of electricity.*** Makes changes to the ramp-up percentages applicable to standard service offers determined under the market rate offer option. The ramp-up period limits the speed of phasing in competitively bid prices for certain electric utilities during the five-year ramp-up period. This will further limit the speed of phasing in those prices and is likely to result in savings on electric bills to customers, including local governments and school districts that purchase power from those utilities. The savings would occur for up to five fiscal years when a market rate option is first offered, and may be up to several million dollars statewide in those years, depending on regulatory decisions made by PUCO.

Tax provisions

- ***Property tax.*** Authorizes a county or municipal corporation to extend the duration of a tax exemption granted to the owner of residential real property located in a community reinvestment area; this may reduce revenue collections. Classifies as a charitable institution eligible for real and tangible personal property tax exemption certain nonprofit organizations that are exempt from federal income taxation; this may reduce revenue collections. Temporarily authorizes a board of township trustees of a township with a population exceeding 55,000 to adopt a tax increment financing (TIF) resolution on or before December 31, 2008, by majority vote.

- ***Cigarette and alcoholic beverage taxes.*** Prohibits new county tax levies on the sale of cigarettes and alcoholic beverages for sports facilities, arts and cultural district facilities and operations, and county permanent improvements after the bill's effective date.

- ***Income tax.*** Any changes in state income tax revenue will be shared by the local government funds. The exemption for amounts received from the Military Injury Relief Fund may reduce revenue from some school district income taxes.

- ***Sales and use tax.*** Any changes in state sales and use tax revenues will be shared by the local government funds. Changes to the sales tax base will also affect county and transit authority sales taxes.

- ***Job retention tax credit.*** Any reduction in revenue from the corporate franchise tax and personal income tax will be shared by the local government funds. Any reduction in the commercial activity tax will be shared by the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund.

- ***Tax certificate sales.*** Extends the authority to conduct delinquent property tax certificate sales to counties with a population of less than 200,000, and prohibits sales of certificates for parcels of property in a bankruptcy estate. Permits use of different time frames under which a certificate holder may initiate a foreclosure action, not to exceed six years, and limits private attorney's fees with respect to the action. Makes various procedural, clarifying, and technical changes to the delinquent property tax certificate law. Revenues realized by counties and other units of local government may rise as a result of the sale of tax certificates on properties with delinquent real property taxes, in counties not permitted under current law to sell these certificates. Costs will rise for administration of the tax certificate program, in counties that issue the tax certificates, but these added costs appear likely to be less than associated revenue gains. Civil actions for penalties on tax certificate holders who improperly contact the owners of the parcels that are the subjects of the certificates, if commenced by county prosecuting attorneys, would increase costs to the offices of those county prosecuting attorneys. Such civil actions appear likely to be infrequent, so the costs to county prosecuting attorneys appear likely to be low.

Detailed Fiscal Analysis

Public Utilities Commission

Telecommunications Relay Service

The bill authorizes PUCO to assess service providers, not earlier than January 1, 2009, the cost of telecommunications relay service for the hearing and speech impaired. For this purpose, the bill defines service providers to be those companies that federal law requires to provide access for their customers to telecommunications relay service. PUCO is authorized to determine which companies may be assessed, and the bill mentions specifically telephone companies as defined in section 4905.03 of the Revised Code, commercial mobile radio service providers, and providers of advanced services or Internet protocol-enabled services. The resulting revenue is to be deposited into the Telecommunications Relay Service Fund (Fund 5Q50), the establishment of which is codified by the bill. The formula for allocating the assessment across service providers is to be determined by PUCO, but is required to be competitively neutral and to be based on the number of customer access lines (or their equivalent) provided by each company. PUCO is authorized to assess a forfeiture up to $1,000 per day on service providers that do not pay the assessment or pay it on time. Any amounts collected due to assessment of such forfeitures are to be deposited into the GRF.

This is not a new program. The Telecommunications Relay Service was required by the federal Americans with Disabilities Act, and has been in existence in Ohio since 1992. Historically, the costs of the vendor were reimbursed by use of a refundable tax credit, first under the public utility excise tax, then under the corporate franchise tax (CFT). Due to the phasing out of the CFT, a new funding mechanism is needed. H.B. 119 of the 127th General Assembly provided a temporary funding mechanism, by initially establishing Fund 5Q50 in uncodified law, and requiring a transfer from the Public Utilities Fund to Fund 5Q50 by February 28, 2009 to reimburse the vendor for costs of providing the service for calendar year 2008. The current bill retains the fund transfer to cover costs for 2008 and institutes the above funding mechanism for future years. PUCO has reached an agreement with a vendor to provide the service for $5 million for FY 2009, and the Controlling Board approved a waiver of competitive selection at its November 19, 2007 meeting in connection with this agreement. The bill also amends H.B. 119 to establish a new line item appropriation, 870-626, Telecommunication Relay Service, with an appropriation of $5 million for FY 2009. H.B. 119 made an appropriation in language, i.e., without establishing a line item, to allow for the vendor to be paid. The bill does not amend the uncodified language establishing Fund 5Q50[8] or the appropriation in language, although the new provisions appear to make the original uncodified language superfluous.

Based on the contracted amount for FY 2009, the amount of the total assessment is expected to be approximately $5 million per year, beginning in FY 2010. Any forfeiture amounts collected would depend on the compliance of companies required to pay the assessment with the requirement to do so. There is a potential increase in GRF revenue from such forfeitures.

Electric company standard service offers

The bill makes changes to the ramp-up percentages applicable to standard service offers determined under the market rate offer option. The ramp-up period limits the speed of phasing in competitively bid prices for certain electric utilities during the five-year period. For years two through five of the ramp-up period, the bill changes the wording from "not less than" applicable percentages to "not more than" the applicable percentages. The effect of this change in wording is to further limit the speed of phasing in those prices.

S.B. 221 of the 127th General Assembly instituted a new legal basis for pricing of retail electric generation service in Ohio. Prices for retail electric generation service are currently based on rate stabilization plans (RSPs) that were agreed upon between the utilities and the PUCO in 2005. With the exception of the Dayton Power and Light RSP, the utilities' RSPs expire on December 31, 2008. The provisions of S.B. 221 would govern electric generation rates after the RSPs expire.

S.B. 221 required electric distribution utilities to file applications to provide a standard service offer under an "energy security plan" option, and permitted the utilities to file applications to provide the offer under a market rate option (MRO). Under an MRO, the generation rates would be based in part on prices determined in a competitively bid auction process. For utilities that directly own generating assets as of July 31, 2008, if the utility fulfills the conditions for offering an MRO rate, the MRO rate charged to consumers would be a blend of the competitively bid price and the most recent standard service offer price. First Energy is the only utility in Ohio that no longer directly owns generating assets, so this ramp-up provision would apply only to the other electric utilities (American Electric Power, Duke Energy, and Dayton Power and Light). These utilities currently have electric generation rates that are generally believed to be below market rates, so the wording change provided by the bill is likely to result in savings on electric bills to customers that purchase power from those utilities under an MRO. The savings would occur in years two through five of the operation of an MRO. The

[8] Please note that the fund number in the language amending H.B. 119 is 5Q5. The change in number is associated with the conversion from the Central Accounting System to OAKS.

amount saved may be up to several million dollars in those years, depending on regulatory decisions made by PUCO.

Other provisions

The bill extends to regional transit authorities the permissive authority to enter into energy price risk management contracts that are intended to mitigate the price volatility of energy sources. Such authority was granted to the state, counties, municipalities, townships, park districts, and school districts by S.B. 221 of the 127th General Assembly. The authority is permissive, so the bill does not impose costs on local governments. Any political subdivision that employed such a contract might pay less for its energy needs, if prices for the applicable forms of energy were to increase by more than was expected at the time the contract was entered into. They might pay more, though, if energy prices rise by less than was expected (or fall).

Treasurer of State

Ohio SaveNOW Program

The bill authorizes the Treasurer's Office to implement the SaveNOW Program to create the availability of higher-rate savings accounts for the purpose of increasing personal savings and promoting financial education among Ohio residents through the use of SaveNOW linked deposits of state money with eligible savings institutions. The SaveNOW Linked Deposit Program would not have any impact on state earnings on investments and revenues as the amount of state funds that are pledged or invested in this program are already accounted for under the current allowable amount for all linked deposit programs. The bill creates a new category of linked deposit program, but does not change the 12% total percentage of state funds that the Treasurer may invest in all linked deposit programs. According to the Treasurer's Office, its expenditures would increase by approximately $100,000 annually to administer this new program and existing budget resources would be used to implement and administer the required SaveNOW personal finance education program.

Small Business Linked Deposit Program

The bill revises the determination of interest rates for the purpose of the Small Business Linked Deposit Program to a rate below current market rates as determined and calculated by the Treasurer. Currently, the rate is at up to 3% below current market rates. This provision has no direct fiscal impact on the state or local governments.

Expanded definition of financial transaction device

The bill expands the definition of "financial transaction device" to include devices or methods other than those currently enumerated for making an electronic payment of funds owed to a state agency. This provision may accelerate state financial transactions. This may increase the state's cash flow and earnings on investment and reduce state expenditures on personnel and operations related to the transactions.

Department of Taxation

Tax Discovery Data System

The bill requires the Department of Taxation to establish and implement a tax discovery data system intended to increase tax collection efficiency, and to purchase the necessary hardware, software, and services by April 1, 2009. Additionally, the Tax Commissioner is required to request funds quarterly to pay the costs of operating and administering the system. The bill appropriates $2 million in FY 2009 from the General Revenue Fund to the newly created Discovery Project Fund (Fund 5APO) to pay the costs of implementing and administering the system. An additional appropriation from the GRF may be needed if the amounts appropriated are insufficient to pay for the costs of the necessary hardware, software, and services of the Tax Discovery Data System. Additional appropriation from the GRF may also be needed to pay the costs of operating and administering the system.

Electronic filing of sales and use taxes returns and payments

The bill requires vendors, sellers, and some consumers to file sales and use tax returns and pay the taxes electronically in a manner approved by the Tax Commissioner. They may apply to the Commissioner to be excused from this requirement, with good cause shown. Currently, electronic payment is required only if a vendor's, seller's, or consumer's sales or use tax collections exceed $75,000 per year. The provisions may increase the efficiency of tax filings and accelerate sales tax collections. This may increase the state's cash flow and earnings on investment and may reduce state expenditures on personnel and operations related to the taxes.

Electronic filing of income tax returns and payments

The bill requires a tax return preparer that files more than 75 original income tax returns, reports, or other tax payment documents in a calendar year to file them electronically if the Tax Commissioner posts on the Department of Taxation's web site acceptable electronic filing methods. The provisions may increase the efficiency of tax filings, accelerate the state personal income tax collections, and reduce the Department of Taxation's expenditures on personnel and operations related to personal income tax. This may also increase the state's cash flow and earnings on investment.

Department of Insurance

Current law requires applicants for licensure as insurance agents, except applicants for licensure as limited lines agents and surplus line brokers, to pay a $10 fee in order to take examinations required for licensure. The bill would modify the wording to require the fee upon application for licensure. This would affect primarily agents who are already licensed in other states who are not required to take an examination in Ohio if they have done so in another state. This provision would likely increase revenue to the Department of Insurance Operating Fund by approximately $300,000.

Tax provisions

Income tax

The bill exempts from the Ohio income tax grants received from the Military Injury Relief Fund (MIRF) by injured military personnel. The MIRF receives direct contributions and money designated by taxpayers who have elected to donate a portion of their income tax refund to the MIRF. Money in the fund is used to make grants to soldiers injured while serving on active duty in Operation Enduring Freedom or Operation Iraqi Freedom. The fund has received approximately $755,000 from tax check-offs and private donations. H.B. 119 (the operating budget for the FY 2008-FY 2009 biennium) made an appropriation of $2 million to the fund (Fund 5DB0). The first grants from the fund were made in October 2007 and through April 2008 grants totaling $102,000 have been given to 204 applicants, an average of $500 per applicant. The exemption will reduce income tax collections. The revenue loss will depend upon the number and size of the grants given and the recipients' income tax brackets. Assuming that the full appropriation amount of $2 million is distributed, the state income tax revenue loss from exempting the grants is estimated at $43,000. The exemption may also reduce the tax base for some school district income taxes, resulting in a minimal loss of revenue.

Sales and use tax

The bill includes as a taxable transaction the sale of "guaranteed auto protection" whereby a party promises to cover the difference between the outstanding loan and the insurance settlement for a "totalled" vehicle, when such protection is included in a motor vehicle sale or lease. This change may increase the amount of sales tax collections by the state and by counties and transit authorities, and the amount of distributions to the local government funds. LSC does not have an estimate of the amount of any such increases.

The bill exempts from the sales tax, sales to a "qualified direct selling entity" of tangible personal property used to store, transport, or handle inventory in a warehouse or distribution center when the inventory is held for direct selling and primarily distributed outside Ohio to independent salespersons, and is not sold from a fixed retail location. A "qualified direct selling entity" eligible for the exemption is an entity selling to direct sellers at the time the entity enters into a jobs creation tax credit agreement with the Tax Credit Authority. This change may decrease the amount of sales tax collections by the state and by counties and transit authorities, and the amount of distributions to the local government funds. LSC does not have an estimate of the amount of any such decreases.

The bill exempts from sales and use taxation the sale of full flight simulators and related parts and maintenance; and the sale of aircraft and avionics repair and replacement materials, parts, equipment, and engines, and repair, remodeling, replacement, or maintenance services on aircraft that have a certified maximum takeoff weight greater than 6,000 pounds, or are used in general aviation, when the services are performed at a Federal Aviation Administration certified repair station. This change may decrease the amount of sales tax collections by the state and by counties and transit authorities, and the amount of distributions to the local government funds. LSC does not have an estimate of the amount of any such decreases.

Job retention tax credit

The bill changes the number of years a taxpayer is required to maintain operations at a project site to the greater of seven years or the term of the tax credit plus three years, for the violation of which the taxpayer must repay the state up to 50% of the credit received. The bill also eliminates the 25% repayment requirement for not maintaining operations longer than one and one-half but not as long as twice the term of the credit.

These changes may reduce state revenues from the corporate franchise tax, the personal income tax, and the commercial activity tax. Receipts from the corporate franchise tax and the personal income tax are shared by the GRF and the local government funds. Receipts from the commercial activity tax are deposited to the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund.

Property taxes

The bill classifies as a charitable institution eligible for real and tangible personal property tax exemption any nonprofit organization that is exempt from federal income taxation if the majority of its board of directors are appointed by the mayor or legislative authority of a municipal corporation or a board of county commissioners, or a combination thereof, and the nonprofit organization's primary purpose is to assist in the development and revitalization of downtown urban areas. The bill also specifies that this classification applies to pending property tax exemption applications. This may increase the value of property qualifying for tax exemption and LSC does not have an estimate of the resulting loss, if any, of property tax revenue to local governments. For tax levies designed to raise a specified amount of money, any reduction in the tax base would be offset by an increase in the tax rate, implying that a portion of the lower tax payments resulting from any increase in tax exempt property could be borne by other taxpayers, in the form of higher taxes, rather than by units of local government.

The bill authorizes a county or municipal corporation to extend the duration of a tax exemption granted to the owner of residential real property located in a Community Reinvestment Area for up to an additional ten years if the property is a structure of historical or architectural significance, is a certified historic structure under 26 U.S.C. 47 and 170(h), and units within the structure have been leased to tenants for five consecutive years. This provision may result in loss of property tax revenues not only for the government entity authorizing the extension but also for school districts and other units of local government. LSC does not have an estimate of the likely loss of local government revenue, but the amount of such loss is limited by the restrictions on types of property that could qualify for the additional years of tax exemption.

The bill temporarily authorizes a board of township trustees of a township with a population exceeding 55,000 to adopt a tax increment financing (TIF) resolution on or before December 31, 2008, by majority vote. Current law requires a unanimous vote. This change could allow one or more townships that would otherwise be unable to do so, to establish a TIF district. The bill specifies the most recent federal decennial census as the measure of population to be used. Only two Ohio townships had populations in the 2000 Census exceeding 55,000: Colerain and Green townships, both in Hamilton County. This change could result in granting of a property tax exemption to increases in the value of designated parcels, on which owners would instead make service payments equal to the taxes otherwise due. The service payments would fund infrastructure and public improvements.

The bill allows county treasurers in all Ohio counties to sell tax certificates on parcels of real property with delinquent real property taxes. Under current law, such sales are limited to counties with populations of 200,000 or more. The tax certificates provide a way to recover revenues from real property taxes that are owed but have not been paid. By providing local government officials with an additional tool with which to try to recover unpaid real property taxes, the certificates would likely channel additional revenue to units of local government. Costs of administering the tax certificate program fall on county governments. The tax certificate law provides for charges for program costs. A certificate holder who initiates contact with the owner of a parcel that is the subject of the certificate may in certain circumstances be assessed a civil penalty of up to $5,000 for each offense, under current law unchanged by the bill. This civil penalty is to be paid to the state's General Revenue Fund. By allowing the sale of tax certificates in more counties, the bill may increase the amount of such state revenues. However, the frequency of penalties resulting from such contacts appears likely to be low. Costs to the Attorney General or to the county prosecuting attorney may be increased by such actions. The 2000 Census shows 12 of Ohio's 88 counties with populations of 200,000 or more. By 2007, the United States Bureau of the Census estimates the populations of 13 counties exceeded 200,000. These 13 counties in 2007 accounted for 59% of 'Ohio's population. Department of Taxation figures for calendar year 2006 show $981 million in delinquent real property taxes statewide, of which 70% was in the 13 counties with estimated populations of 200,000 or more in 2007. Cuyahoga County, with $233 million in delinquent real property taxes, accounted for 24% of the state total.

Local cigarette and alcohol taxes

The bill prohibits new county tax levies on the sale of cigarettes and alcoholic beverages for sports facilities, arts and cultural district facilities and operations, and county permanent improvements after the bill's effective date. The collection of any tax levied before the effective date is not prevented so long as that tax remains effective. Thus the effect of this change is only prospective, on any future taxes on the sale of cigarettes and alcoholic beverages for these purposes that a county might otherwise impose. This prohibition on future taxes plausibly may reduce revenues to counties relative to the amounts to which they would have increased, but LSC does not have an estimate of any such future revenues that would be forgone.

School district income tax

The bill shortens the timeline for the earliest effective date of a school district income tax rate reduction by specifying that the reduction takes effect on the first day of January if that date is at least 45 days after a copy of the resolution reducing the rate is certified to the Tax Commissioner, rather than 60 days, as required under existing law. This change would allow a school board to wait until after the November elections before adopting a resolution to lower the school district income tax rate, which a board can do without a vote of the electors. This would, for example, allow a school board to see if a property tax levy passes before committing to lowering the income tax rate. Nevertheless, only the time period, from 60 to 45 days, between when a copy of the resolution is certified to the Tax Commissioner and the effective date of the income tax reduction on the ensuing first day of January is changed, and the change is assumed to have no fiscal effect.

Municipal Income Tax Fund

The bill clarifies that investment earnings from money in the Municipal Income Tax Fund are credited to the fund. Current law implies this by requiring the pro rata share of investment earnings to be distributed in proportion to the amount certified to each municipal corporation. This clarification will have no fiscal effect.

Joint economic development districts

The bill modifies one of the statutes authorizing creation of joint economic development districts (JEDD) to allow new residents (electors) to live in the JEDD after it is created, to permit residential zoning in the JEDD, and to provide that new residents would not pay the JEDD income tax unless they also work within the JEDD. Currently, no electors may live in a JEDD that is created under that statute at any time. (Electors may reside in a JEDD created under another section of the Revised Code.)

A joint economic development district is created by one or more municipal corporations and one or more townships to facilitate economic development in a designated area. The rate of the JEDD income tax may be no higher than the highest rate levied by any of the municipal corporations that are parties to the contract creating the JEDD. Although a person residing in the JEDD would not be subject to the JEDD income tax based on place of residence, that person would still appear, from the language in the bill, to be subject to municipal income tax, if the location of the person's residence within the JEDD is also within the limits of a municipality levying such a tax.

For a person moving to a JEDD in response to this change, the change could result in a gain or loss of income tax revenue to a municipal corporation, depending on whether the person was subject to municipal income tax in his or her location of previous residence and on whether the residence location in the JEDD is subject to municipal income tax. The situation with regard to school district income taxes is similarly indeterminate. The residence locations in the JEDD would require government services such as police and fire protection. LSC does not have an estimate of the overall fiscal effect of this change on local government revenues or expenses. There appears to be no fiscal impact on the state.

Board of Deposit

The bill expands the definition of allowable expenses for the Board of Deposit Expense Fund (4M2). The expenses include "any and all other necessary expenses," but are not limited to banking charges and fees required for the operation of the State of Ohio Regular Account. The provision may increase the amount of transfer from the Investment Earnings Redistribution Fund (Fund 608) to pay for Board of Deposit expenses.

The bill permits a community development bank located in a county with a population of over 1.3 million people that has previously served as that county's depository of active moneys to again be designated as such during the county's current four-year designation period, notwithstanding any contrary requirements in section 135.33 of the Revised Code. This provision would affect only Cuyahoga County's depository of active moneys and has no fiscal impact.

Commissioners of the Sinking Fund

The bill allows the Director of Budget and Management to transfer $34,549.45 from the Coal Research and Development Bond Services Fund (Fund 7076) into the Coal Research and Development Fund (Fund 7046) to correct deposits that were made in error.

Ohio Air Quality Development Authority

The bill allows the Director of Budget and Management to transfer $5,538.11 from the Coal Research and Development Fund (Fund 7046) into the Coal Research and Development Bond Services Fund (Fund 7076) to correct deposits that were made in error.

Water Quality Development Authority

The bill prohibits the Ohio Water Quality Development Authority from charging any fees or fines in excess of the principal amount of a loan made by the Authority. This provision has no fiscal impact.

Section 6: Budget Stabilization Fund Transfers

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
General Revenue Fund – Various Agencies			
Revenues	Transfer-in of $7,476,454 from BSF	Transfer-in of $10,678,648 from BSF	- 0 -
Expenditures	Increase of $7,476,454	Increase of $10,678,648	- 0 -
Budget Stabilization Fund (BSF)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Transfer-out of $7,476,454 to GRF	Transfer-out of $10,678,648 to GRF	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- The bill transfers $7.5 million in FY 2008 and $10.7 million in FY 2009 from the Budget Stabilization Fund to the GRF. The bill specifies that these transferred funds are to ensure the full amounts appropriated in H.B. 119 to various GRF appropriation items that have been reduced by executive order are available for expenditure.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
School Districts			
Revenues	Increase of $5,128,138	Increase of $676,200	- 0 -
Expenditures	- 0 -	- 0 -	- 0 -
County Departments of Job and Family Services			
Revenues	- 0 -	Increase of $3,401,410	- 0 -
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- ***School districts*****.** Under the executive ordered budget reductions, GRF appropriation item 200-503, Bus Purchase Allowance, is to be reduced by $5.1 million in FY 2008 and $0.7 million in FY 2009. The bill transfers cash from the Budget Stabilization Fund to the GRF to ensure that this appropriation is not reduced. These funds are distributed to school districts to assist them in purchasing or leasing school buses.

- ***County departments of job and family services*****.** Under the executive ordered budget reductions, GRF appropriation item 600-502, Child Support Match, is to be reduced by $3.4 million in FY 2009. The bill transfers cash from the Budget Stabilization Fund to the GRF to ensure that this appropriation is not reduced. These funds are distributed to counties for the administration of the Child Support Enforcement Program.

Detailed Fiscal Analysis

The bill transfers $7.5 million in FY 2008 and $10.7 million in FY 2009 from the Budget Stabilization Fund to the GRF. The bill specifies that these transferred funds are to ensure the full amounts appropriated in H.B. 119 to various GRF appropriation items that have been reduced by executive order are available for expenditure. The appropriation items and the amount of their executive ordered reduction are as follows:

Executive Ordered Budget Reductions Offset by Transfers from the Budget Stabilization Fund			
		FY 2008	**FY 2009**
Department of Agriculture			
700-403	Animal Disease Control	$36,540	$182,702
700-410	Food Safety	$8,651	$43,255
Department of Health			
440-407	Animal Borne Disease and Prevention	$80,000	$40,000
440-408	Immunization	$80,000	$40,000
Department of Rehabilitation and Correction			
503-321	Parole and Community Operations	$1,327,100	$5,433,321
Department of Education			
200-503	Bus Purchase Allowance	$5,128,138	$676,200
Department of Job and Family Services			
600-502	Child Support Match	$0	$3,401,410
Rehabilitation Services Commission			
415-431	Office of People with Brain Injury	$22,601	$22,601
Ohio School for the Blind			
226-100	Personal Services	$354,656	$375,966
Ohio School for the Deaf			
221-100	Personal Services	$438,768	$463,193
	Total Transfer	**$7,476,454**	**$10,678,648**

Two of these appropriation items are subsidy items, meaning that the funds are distributed to local governmental entities. In this case, 200-503, Bus Purchase Allowance, appropriations are distributed to school districts to assist them in the purchase of school buses and 600-502, Child Support Match, appropriations are distributed to county departments of job and family services for the administration of the Child Support Enforcement Program.

LSC fiscal staff:

Brian Hoffmeister, Budget Analyst
Jason Phillips, Budget Analyst
Terry Steele, Budget Analyst
Nick Thomas, Budget Analyst
Edward Millane, Budget Analyst
Mary Morris, Budget Analyst
Andy Plagenz, Budget Analyst
Jamie Doskocil, Senior Budget Analyst
Sara Anderson, Senior Budget Analyst
Ivy Chen, Senior Economist
Wendy Risner, Senior Budget Analyst
Todd Celmar, Economist
Stephanie Suer, Budget Analyst
Deauna Hale, Budget Analyst
Ross Miller, Senior Economist
Ruhaiza Ridzwan, Economist
Phil Cummins, Economist
Isabel Louis, Economist

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