Section C

Budget Overview

Revenue Summaries

This section summarizes the revenue that is estimated to be received by the state in fiscal years 2016 and 2017. It is important to note that because all revenue that the state anticipates receiving in fiscal years 2016 and 2017 is summarized in this section, the revenue summaries include anticipated revenue that is not proposed for spending in this Executive Budget.

Detailed information on the economic forecast that drives the state's revenue estimates and the methods used to prepare the estimates are provided in Section B - Economic Forecast.

This section contains three pie charts that show summaries of the state's revenue estimates. Each is listed and described below.

Figure C-1, Total GRF Revenues Pie Chart: This pie chart shows the total estimated General Revenue Fund (GRF) revenue by major revenue source. All revenue from major state taxes (personal income tax, sales and use tax, business taxes, etc.) is deposited into the GRF along with revenue received from the federal government as reimbursement to the state for certain GRF expenditures made by the Department of Job and Family Services and the Department of Medicaid.

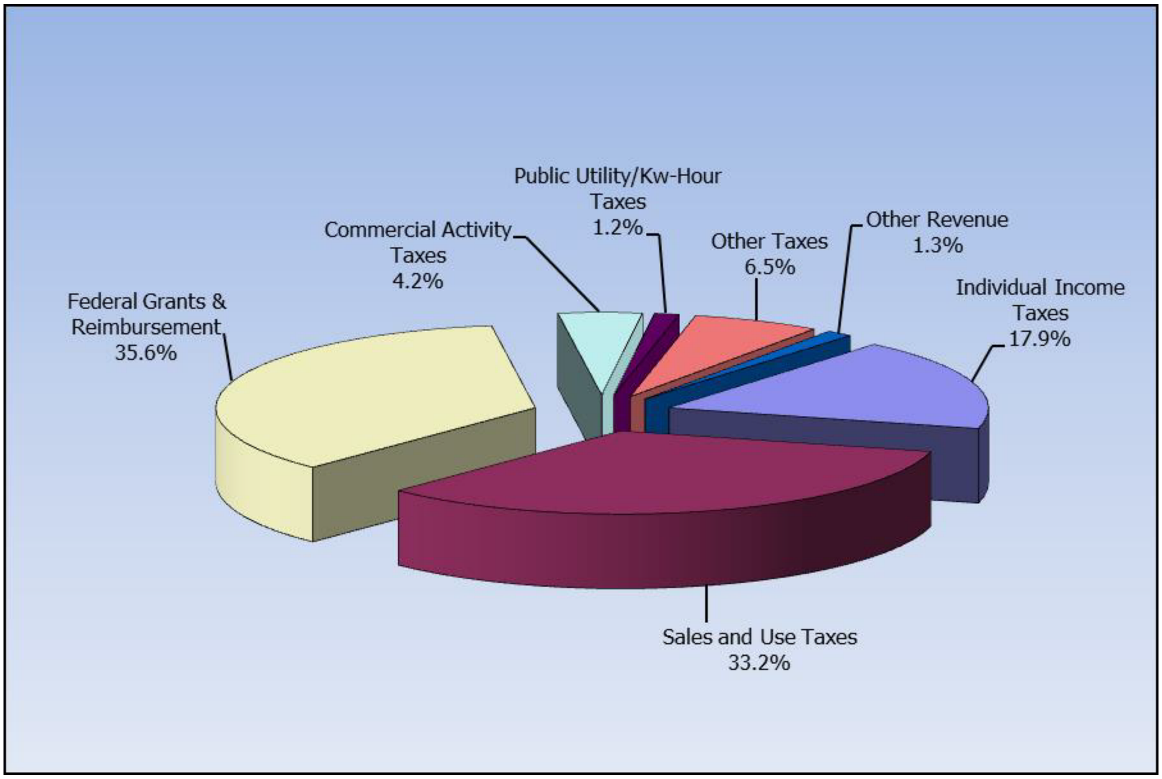
Figure C-2, State-Only GRF Revenue Pie Chart: The federal revenue deposited in the GRF is substantial. It's estimated to be $25.7 billion during the fiscal year 2016-2017 biennium. But the inclusion of this federal revenue in the GRF somewhat distorts the role that state tax revenue plays in financing state programs. State tax revenues, not federal reimbursements for human services programs, provide the majority of GRF revenues. To make this clear, this pie chart (labeled "State-Only GRF"), shows GRF revenue by major revenue source excluding the federal reimbursements for GRF spending that the state deposits into the GRF. Approximately 97.6 percent of the state's non-federal GRF revenue is from tax receipts.

Figure C-3, All Funds Revenue: The "all funds" pie chart illustrates how all operating budget revenue is split among the different types of state funds. The GRF provides about 50.2 percent of revenue used for all purposes. The state's 15 budget fund groups are used to create this pie chart.

Bond Research & Development	BRD
Budget Stabilization	BSF
Capital Projects	CPF
Debt Service	DSF
Dedicated Purpose	DPF
Facilities Establishment	FCE
Federal	FED
Fiduciary	FID
General Revenue	GRF
Highway Operating	HOF
Highway Safety	HSF
Holding Account	HLD
Internal Services Activity	ISA
Revenue Distribution	RDF
State Lottery	SLF

Revenue Summaries

Figure C-1
Total GRF – Estimated Revenues for FYs 2016 and 2017



Estimated GRF Revenues (dollars in millions)

Revenue Source	FY 2016	FY 2017	Total
Individual Income Taxes	$ 6,503.4	$ 6,428.5	$ 12,931.9
Sales and Use Taxes	11,584.8	12,423.8	24,008.6
Federal Grants & Reimbursement	12,451.9	13,228.8	25,680.7
Commercial Activity Taxes	1,474.6	1,589.3	3,063.9
Public Utility/Kilowatt-Hour Taxes	452.4	446.1	898.6
Other Taxes	2,321.6	2,368.3	4,689.9
Other Revenue	377.6	562.5	940.1
Total	$ 35,166.3	$ 37,047.4	$ 72,213.7

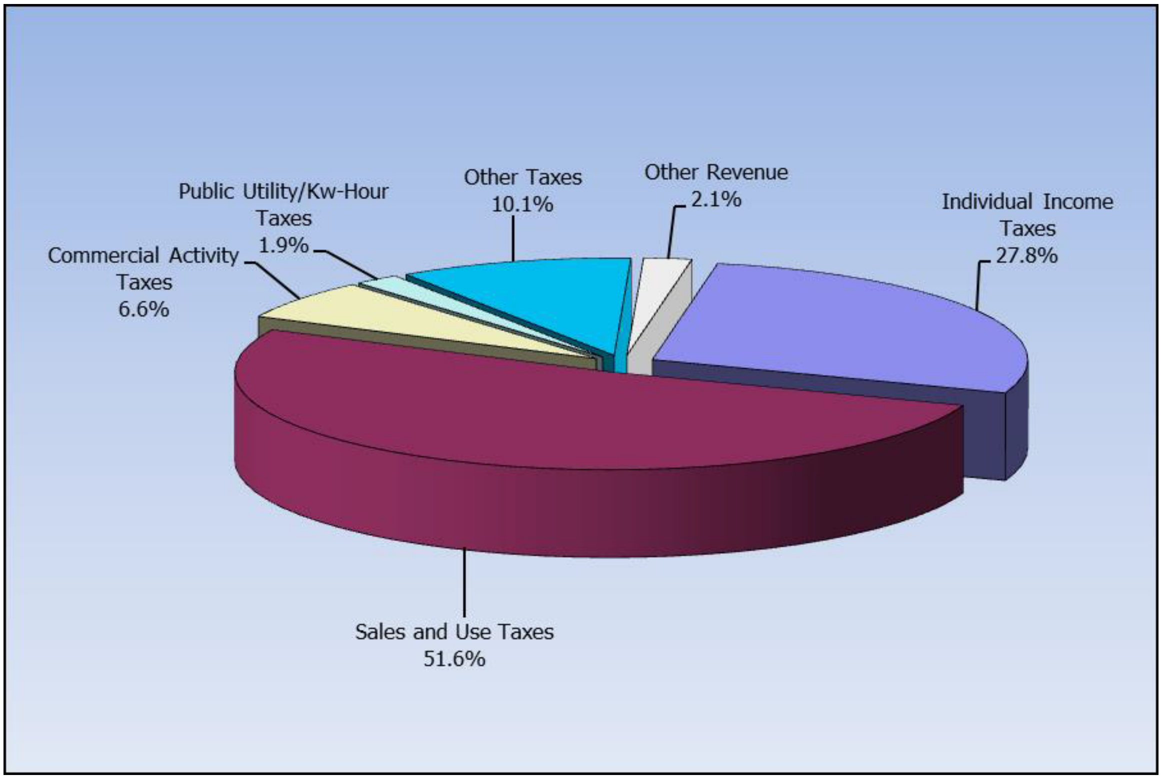
Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, February 2015

What This Chart Shows

This pie chart shows the proportional contribution that each revenue source makes toward the state's general revenue Fund. All revenue coming into the State Treasury that is not specifically authorized by law to be placed in another fund is deposited in the GRF.

Revenue Summaries

Figure C-2
State-Only GRF – Estimated Revenues for FYs 2016 and 2017



Estimated State-Only GRF Revenues (dollars in millions)

Revenue Source	FY 2016	FY 2017	Total
Individual Income Taxes	$ 6,503.4	$ 6,428.5	$ 12,931.9
Sales and Use Taxes	11,584.8	12.423.8	24,008.6
Commercial Activity Taxes	1,474.6	1,589.3	3,063.9
Public Utility/Kilowatt-Hour Taxes	452.4	446.1	898.6
Other Taxes	2,321.6	2,368.3	4,689.9
Other Revenue	377.6	562.5	940.1
Total	$ 22,714.5	$ 23,818.6	$ 46,533.1

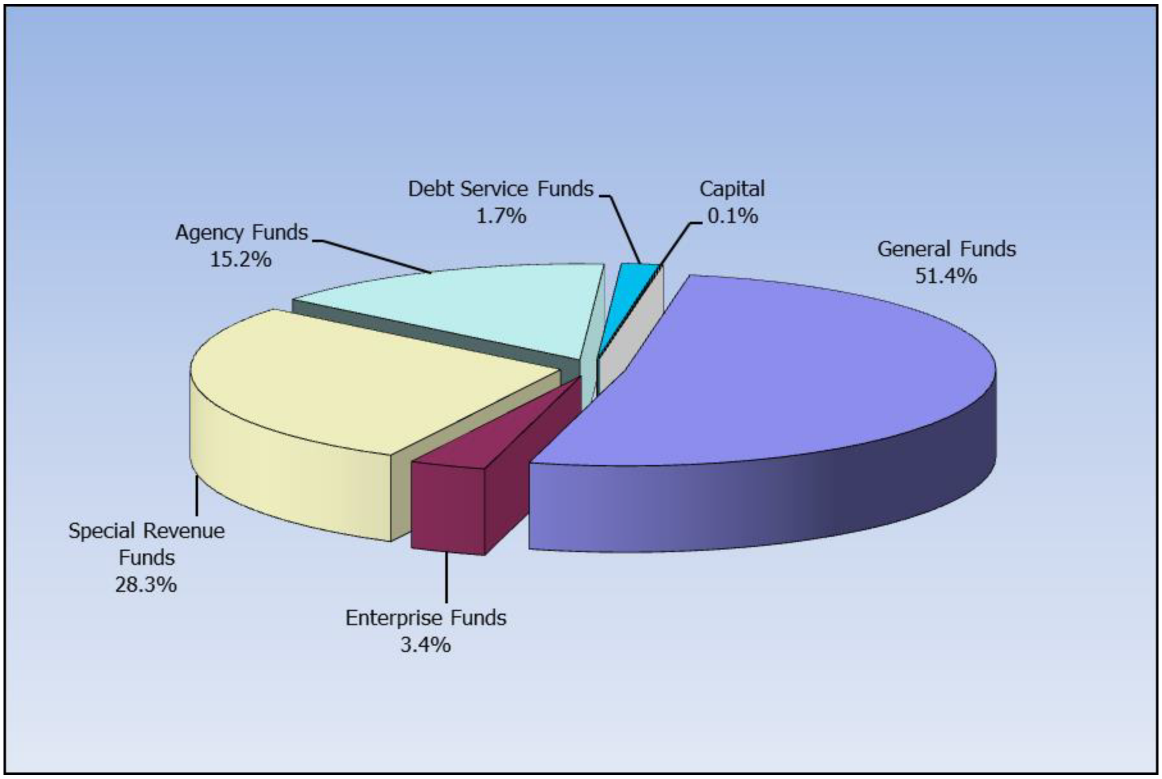
Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, February 2015
Please Note: These figures do not include $25,680.7 million of estimated federal revenue ($12,451.9 million in FY 2016 and $13,228.8 million in FY 2017) in the GRF.

What This Chart Shows

This pie chart shows the proportional contribution that each revenue source, except federal reimbursements, makes toward the state's GRF. Approximately 97.6 percent of the revenue represented in this chart comes from state tax receipts, which are paid by individuals and companies living, working, and doing business in Ohio.

Revenue Summaries

Figure C-3
All Funds – Estimated Revenues for FYs 2016 and 2017



All Funds Estimated Revenues (dollars in millions)

Revenue Source	FY 2016	FY 2017	Total
General Funds	$ 36,039.0	$ 37,885.0	$ 73,924.0
Enterprise Funds	2,451.8	2,409.4	4,861.3
Special Revenue Funds	20,423.8	20,268.7	40,692.5
Agency Funds	10,793.8	11,046.6	21,840.4
Debt Service Funds	1,160.4	1,226.1	2,386.4
Capital	47.5	48.8	96.3
Total	$ 70,916.3	$ 72,884.6	$ 143,800.9

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, February 2015

What This Chart Shows

This pie chart shows the different types of state funds into which all the state's estimated revenue is deposited. General Funds account for revenue that is traditionally associated with government that is not required to be accounted for in other funds. Enterprise Funds account for operations financed and operated in a manner similar to a private business. Special Revenue Funds account for revenue that is legally restricted to specific purposes. Agency_Funds include moneys received, held and disbursed by the state as a custodian or agent. Debt Service Funds account for revenue used to pay the principal and interest on general long-term debt. Capital Projects Funds account for the acquisition of fixed assets and construction and repair of capital facilities other than those financed by enterprise service funds.

Spending Summaries

The charts and tables in this section summarize the spending recommended by Governor Kasich for the fiscal year 2016 and 2017 biennium. Three pie charts appear first, followed two tables. The charts and tables are listed below with a brief description of what each one shows.

<u>Figure C-4, Total GRF Appropriations Pie Chart:</u> This pie chart shows the Governor's recommended appropriations for the total General Revenue Fund (GRF) by major spending category. All revenue from major state taxes (income tax, sales tax, business taxes, etc.) is deposited into and appropriated from the General Revenue Fund along with revenue received from the federal government as reimbursement to the state for certain General Revenue Fund expenditures made by the Department of Job and Family Services and the Department of Medicaid.

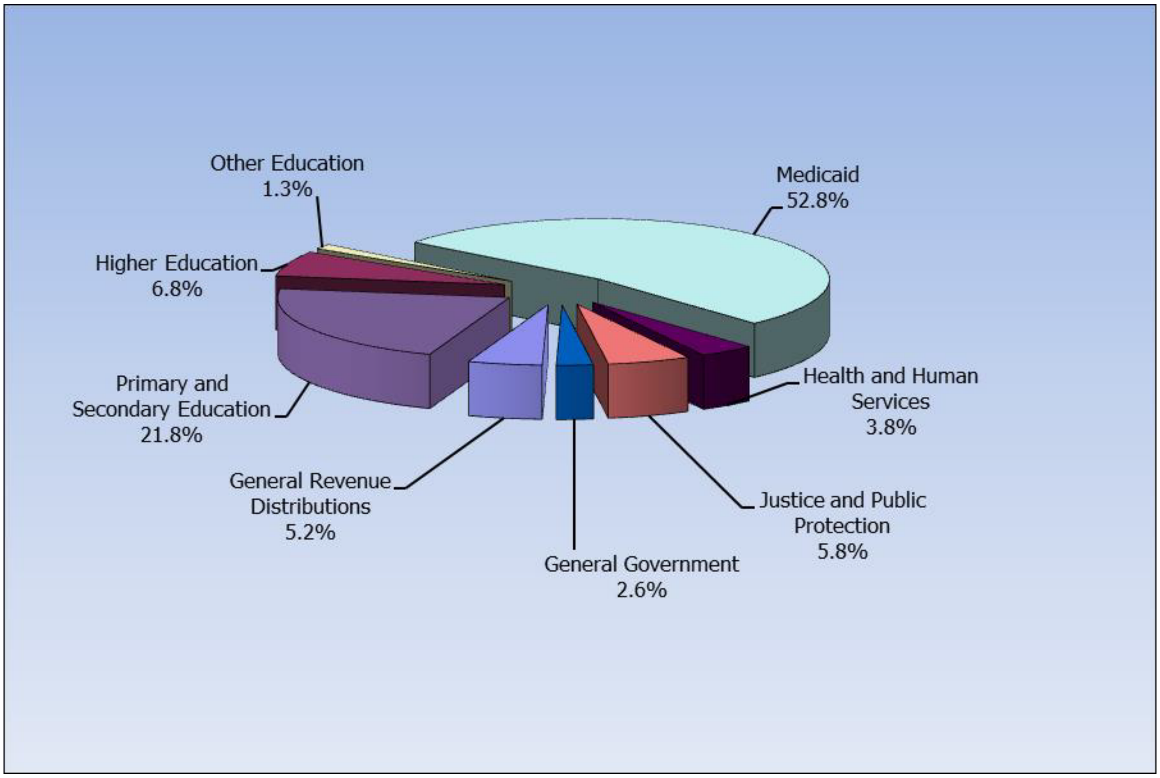
<u>Figure C-5, State-Only GRF Appropriations Pie Chart:</u> While tax revenue makes up the great majority of the GRF, the GRF also includes revenue that the state receives from the federal government as reimbursement for certain GRF expenditures. This "federal share" of GRF spending for these programs is substantial. It is estimated to be $25.9 billion during the FY 2016-17 biennium. The federal share of GRF spending somewhat distorts the role that state tax revenue plays in financing state programs because state taxes, not federal reimbursements for human services programs, finance the majority of GRF spending. To make this clear, Figure C-5 shows recommended GRF appropriations by major spending category without the federal share of the GRF.

<u>Figure C-6, All Funds Appropriations Pie Chart:</u> The third chart that summarizes recommended appropriations is Figure C-5. The "all funds" chart shows how all recommended operating budget appropriations for the fiscal year 2016-17 biennium are split among the major spending categories.

<u>Figure C-7, Expense by Object Summary:</u> This table shows actual (fiscal years 2012 to 2014) and estimated (fiscal year 2015) spending and recommended appropriations (fiscal years 2016 and 2017) by major object of expense. This information is shown for the General Revenue Fund and for all funds.

Spending Summaries

Figure C-4
Total GRF – Recommended Appropriations for FYs 2016 and 2017



Recommended GRF Appropriations (dollars in millions)

Function	FY 2016	FY 2017	Total
Primary and Secondary Education	$ 7,697.2	$ 8,041.6	$ 15,738.8
Higher Education	2,428.3	2,487.9	4,916.1
Other Education	470.1	478.1	948.1
Medicaid	18,499.1	19,649.7	38,148.8
Health and Human Services	1,381.1	1,400.6	2,781.7
Justice and Public Protection	2,062.9	2,116.7	4,179.5
General Government	914.8	938.0	1,852.8
General Revenue Distributions	1,846.5	1,877.1	3,723.6
Total	$ 35,299.9	$ 36,989.6	$ 72,289.5

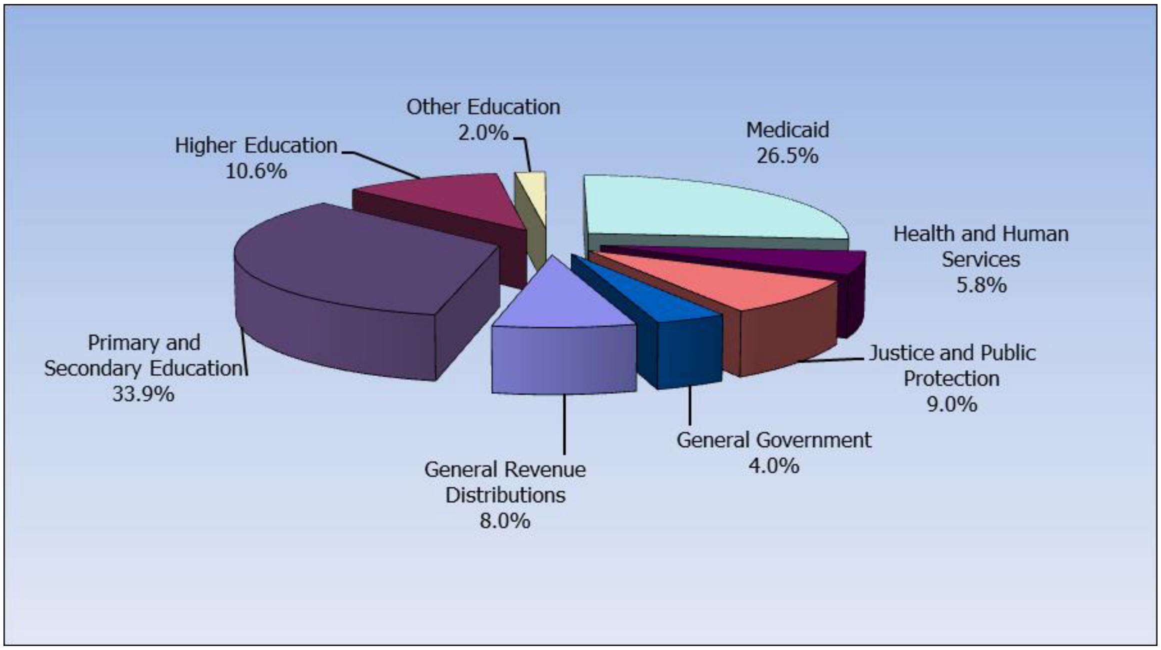
Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, February 2015

What This Chart Shows

This pie chart shows the share of the state's General Revenue Fund (GRF) that is used for each major function of state government. The General Revenue Fund is the state's largest single fund and it finances over one-half of all state government activities.

Spending Summaries

Figure C-5
State-Only GRF – Recommended Appropriations for FYs 2016 and 2017



Recommended State-Only GRF Appropriations (dollars in millions)

Function	FY 2016	FY 2017	Total
Primary and Secondary Education	$ 7,697.2	$ 8,041.6	$ 15,738.8
Higher Education	2,428.3	2,487.9	4,916.1
Other Education	470.1	478.1	948.1
Medicaid	5,968.5	6,334.0	12,302.4
Health and Human Services	1,342.9	1,362.4	2,705.3
Justice and Public Protection	2,062.9	2,116.7	4,179.5
General Government	914.8	938.0	1,852.8
General Revenue Distributions	1,846.5	1,877.1	3,723.6
Total	22,731.0	23,635.7	46,366.7

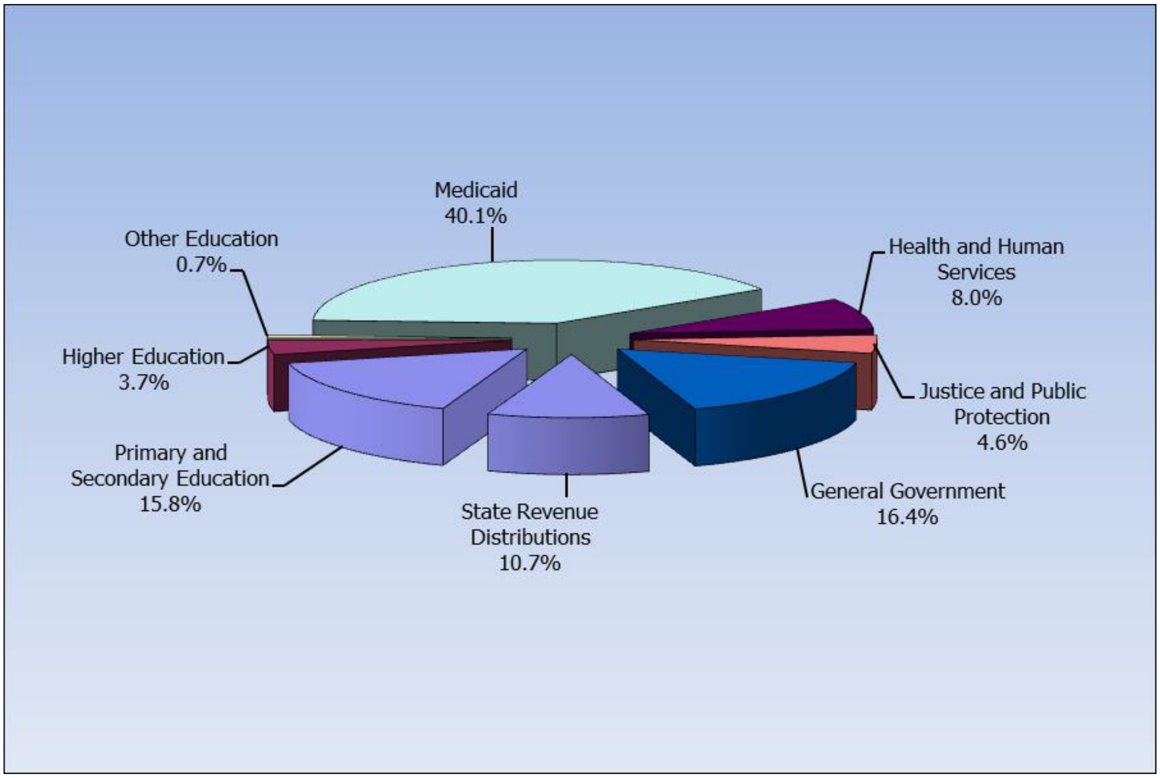
Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, February 2015

What This Chart Shows

This pie chart shows the share of the tax revenue portion of the General Revenue Fund (GRF) that is used for each major function of state government. The federal share of the proposed GRF appropriations for the Department of Job and Family Services and the Department of Medicaid is not shown in order to give a truer picture of how state tax dollars are spent.

Spending Summaries

Figure C-6
All Funds – Recommended Appropriations for FYs 2016 and 2017



All Funds Recommended Appropriations (dollars in millions)

Function	FY 2016	FY 2017	Total
Primary and Secondary Education	$ 10,784.3	$ 11,132.5	$ 21,916.8
Higher Education	2,523.9	2,567.7	5,091.7
Other Education	503.7	511.8	1,015.5
Medicaid	27,384.2	28,252.6	55,636.8
Health and Human Services	5,517.5	5,534.6	11,052.2
Justice and Public Protection	3,175.3	3,227.9	6,403.2
General Government	11,226.5	11,512.0	22,738.5
State Revenue Distributions	7,373.1	7,442.8	14,815.9
Total	68,488.5	70,182.0	138,670.5

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, February 2015

What This Chart Shows

This pie chart shows how the total state operating budget is split among the major functions of state government.

Spending Summaries

Figure C-7 (continued on next page)
Expense by Object Summary, Fiscal Years 2012 to 2017
Dollars in Millions

	Actual					
	FY 2012	% of Totals	FY 2013	% of Totals	FY 2014	% of Totals
General Revenue Fund						
Personal Service	$1,818.3	6.9%	$1,794.1	6.5%	$1,787.8	6.2%
Purchased Personal Services	$244.1	0.9%	$286.9	1.0%	$353.0	1.2%
Maintenance	$436.8	1.7%	$433.7	1.6%	$418.0	1.4%
Equipment	$29.7	0.1%	$29.4	0.1%	$24.3	0.1%
Total Operating	**$2,528.8**	**9.6%**	**$2,544.1**	**9.3%**	**$2,583.1**	**8.9%**
Subsidy	$23,073.6	87.4%	$23,601.3	86.0%	$24,981.3	86.4%
Goods for Resale	$-	0.0%	$-	0.0%	$(0.0)	0.0%
Capital	$0.2	0.0%	$0.1	0.0%	$0.7	0.0%
Transfers	$792.0	3.0%	$1,293.7	4.7%	$1,336.7	4.6%
Total Expense	**$26,394.6**	**100.0%**	**$27,439.2**	**100.0%**	**$28,901.8**	**100.0%**
All Funds						
Personal Service	$4,264.9	7.5%	$4,187.6	7.3%	$4,233.0	7.0%
Purchased Personal Services	$1,021.4	1.8%	$1,101.8	1.9%	$1,235.2	2.0%
Maintenance	$1,433.8	2.5%	$1,475.7	2.6%	$1,511.1	2.5%
Equipment	$175.1	0.3%	$173.5	0.3%	$197.9	0.3%
Total Operating	**$6,895.2**	**12.1%**	**$6,938.6**	**12.1%**	**$7,177.2**	**11.9%**
Subsidy	$38,281.9	67.3%	$37,958.1	66.1%	$40,140.4	66.6%
Goods for Resale	$559.9	1.0%	$423.0	0.7%	$85.7	0.1%
Capital	$2,245.5	3.9%	$2,203.3	3.8%	$2,276.4	3.8%
Transfers	$8,887.6	15.6%	$9,877.2	17.2%	$10,622.1	17.6%
Total Expense	**$56,870.0**	**100.0%**	**$57,400.2**	**100.0%**	**$60,301.8**	**100.0%**

Note: Figures may not add to total due to rounding
Source: Ohio Office of Budget and Management, February 2015

Figure C-7
Expense by Object Summary, Fiscal Years 2012 to 2017
Dollars in Millions

	Estimate		Recommended			
	FY 2015	% of	FY 2016	% of	FY 2017	% of
General Revenue Fund						
Personal Service	$1,846.5	5.9%	$1,933.8	5.5%	$1,989.7	5.4%
Purchased Personal Services	$443.1	1.4%	$470.3	1.3%	$482.5	1.3%
Maintenance	$444.4	1.4%	$450.6	1.3%	$450.1	1.2%
Equipment	$21.2	0.1%	$26.1	0.1%	$26.2	0.1%
Total Operating	**$2,755.3**	**8.8%**	**$2,880.8**	**8.2%**	**$2,948.5**	**8.0%**
Subsidy	$27,144.3	86.5%	$30,912.2	87.6%	$32,489.5	87.8%
Goods for Resale	$-	0.0%	$-	0.0%	$-	0.0%
Capital	$0.9	0.0%	$0.5	0.0%	$0.5	0.0%
Transfers	$1,491.4	4.8%	$1,506.4	4.3%	$1,551.2	4.2%
Total Expense	**$31,391.9**	**100.0%**	**$35,299.9**	**100.0%**	**$36,989.6**	**100.0%**
All Funds						
Personal Service	$4,466.1	6.7%	$4,553.5	6.6%	$4,648.0	6.6%
Purchased Personal Services	$1,854.6	2.8%	$1,663.8	2.4%	$1,635.3	2.3%
Maintenance	$1,811.0	2.7%	$1,929.8	2.8%	$1,916.4	2.7%
Equipment	$200.5	0.3%	$214.1	0.3%	$212.6	0.3%
Total Operating	**$8,332.2**	**12.5%**	**$8,361.2**	**12.2%**	**$8,412.3**	**12.0%**
Subsidy	$44,933.6	67.4%	$48,459.1	70.8%	$49,660.0	70.8%
Goods for Resale	$113.8	0.2%	$104.7	0.2%	$104.7	0.1%
Capital	$2,229.1	3.3%	$1,983.2	2.9%	$2,081.9	3.0%
Transfers	$11,013.0	16.5%	$9,580.4	14.0%	$9,923.0	14.1%
Total Expense	**$66,621.6**	**100.0%**	**$68,488.5**	**100.0%**	**$70,182.0**	**100.0%**

Note: Figures may not add to total due to rounding
Source: Ohio Office of Budget and Management, February 2015

Fund Balance Summaries

Fund Balance Summaries Overview

The purpose of this section is to summarize the state's estimated ending fund balances for fiscal years 2016 and 2017. For the state's General Revenue Fund (GRF) and Budget Stabilization Fund, the planned fund balances for these two funds are shown, in Figure C-7 and Figure C-8, in the context of a 10-year history of ending balances. Fund balance calculations for fiscal years 2016 and 2017 are shown in Figure C-9 for the state's GRF and for other major budget fund groups. Some small or minor budget fund groups are combined for the purposes of these fund balance calculations.

Fund Balance Calculations by Fund Type and Budget Fund Group

The state has over 1,600 funds that are active in the Ohio Administrative Knowledge System as of January 2014. The state's six fund types are as follows: General Funds, Enterprise Funds, Special Revenue Funds, Agency Funds, Debt Service Funds, and Capital Projects Funds. The relationship between the six fund types and the 44 budget fund groups is shown on pages C-1 and C-2 of the Executive Budget. The fund types and budget fund groups for which fund balance calculations are shown in Figure C-9 are described below.

<u>Fund Type: General Funds:</u> Fund balance calculations are shown for the GRF (which is the only fund in the General Revenue Budget Fund Group) and the Internal Services Budget Fund Group. A fund balance calculation is also shown for the Budget Stabilization Fund.

<u>Fund Type: Enterprise Funds:</u> Fund balance calculations are shown for the one enterprise fund group: State Lottery.

<u>Fund Type: Special Revenue Funds:</u> Fund balance calculations are shown for these special revenue fund groups: Dedicated Purpose, Federal, Highway Operating, and Highway Safety. A calculation is also shown for All Other Special Revenue Fund Groups.

<u>Fund Type: Agency Funds:</u> Fund balance calculations are shown for the Agency Fund Groups: Revenue Distribution Funds and Fiduciary. A calculation is also shown for All Other Agency Fund Groups.

<u>Fund Type: Debt Service Funds:</u> A fund balance calculation is shown for the Debt Service Fund Group.

<u>Fund Type: Capital Projects Funds:</u> A fund balance calculation is shown for the Capital Projects Fund Group.

Fund Balances for the General Revenue Fund and the Budget Stabilization Fund

The GRF balance at the end of a fiscal year is one measure used by state officials and independent financial analysts to assess a state's financial management practices and its financial condition. In addition, the Ohio Constitution requires the state to maintain a balanced budget. The budget proposed by the Governor for fiscal years 2016 and 2017 will provide an ending fund balance of slightly more than 0.5 percent of the previous year annual GRF revenue, as required by law each year, as Figure C-8 and Figure C-9 show.

Another measure of the financial health of a state is whether the state has a budget stabilization fund and, if it does, what balances are being maintained in the fund. Since 1981, Ohio has had a budget stabilization fund. And, as seen in Figure C-8 and Figure C-9, the fiscal year ending balances in the fund have varied greatly during the ten fiscal years that are shown.

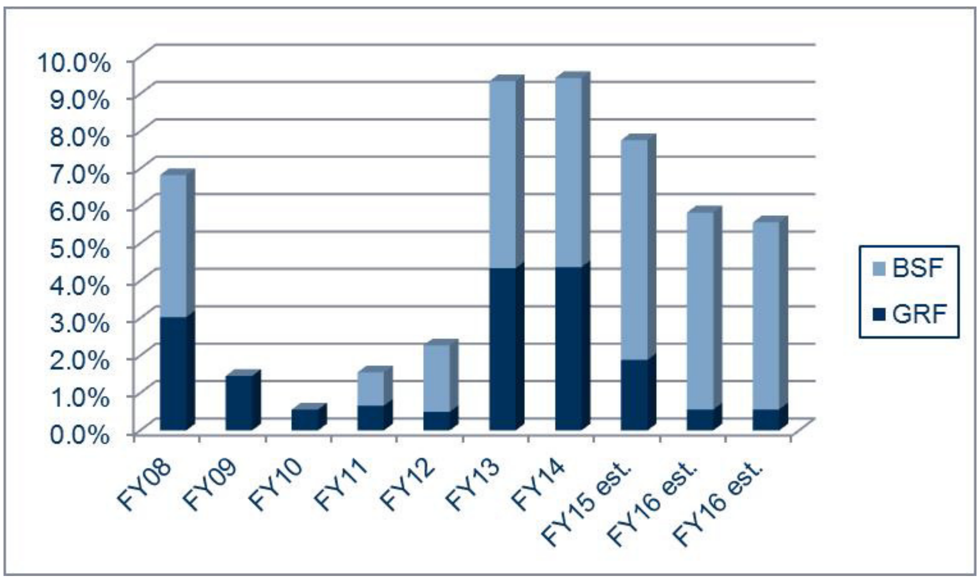
Prudent fiscal management policy further suggests that a state achieve a Budget Stabilization Fund (BSF) balance equal to approximately five percent of annual GRF revenues. Ohio had reached this goal prior to the 2000-2001 recession. However, the state was forced to use the BSF in the fiscal year 2002-2003 biennium to offset declines in revenue growth and the large increases in Medicaid expenditures that resulted from that recession. During fiscal years 2005 and 2006, the state was able to replenish the balance of the BSF to the point at which it held $1.012.3 billion. However, this balance was depleted at the end of fiscal year 2009 in response to decreases in revenues as a result of the 2007 to 2009 recession. Since the state had a budget surplus in both fiscal years 2011, 2012 and 2013 deposits were made to the BSF after the close of the fiscal years. These deposits increased the BSF balance to the current level of $1,477.9 million. The state expects another budget surplus in FY 2015. The Executive Budget proposes a BSF deposit of $374.4 million which is sufficient to increase the BSF to $1,852.4 million. This proposed deposit would pre-fund the expected BSF five percent target for the end of fiscal year 2017, based on estimated revenue in the Executive Budget.

Fund Balance Summaries

Figure C-8: History of Ending Fund Balances for the General Revenue Fund and the Budget Stabilization Fund, FYs 2008 to 2017
(dollars in millions)

Date	GRF		BSF	
	Ending Balance	% of GRF Revenues	Ending Balance	% of GRF Revenues
Est. 6/30/17	$213.0	0.6%	$1,852.4	5.0%
Est. 6/30/16	$189.6	0.5%	$1,852.4	5.3%
Est. 6/30/15	$595.9	1.9%	$1,852.4	5.9%
6/30/2014	$1,277.4	4.4%	$1,477.9	5.1%
6/30/2013	$1,282.3	4.3%	$1,477.9	5.0%
6/30/2012	$135.9	0.5%	$482.0	1.8%
6/30/2011	$183.8	0.7%	$246.9	0.9%
6/30/2010	$139.1	0.6%	$0	0.0%
6/30/2009	$389.1	1.5%	$0	0.0%
6/30/2008	$807.6	3.0%	$1,012.3	3.8%

Figure C-9: GRF and BSF Ending Balances as a Share of Annual GRF Revenues, FYs 2008 to 2017



State of Ohio
Fund Balance Calculations by GAAP Fund Type and Budget Fund Group for FY 2016 and 2017
(Dollars in Millions)

Beginning Balance	GENERAL FUNDS			ENTERPRISE FUNDS	SPECIAL REVENUE FUNDS				
	GENERAL REVENUE	BUDGET STABILIZE	INTERNAL SERVICE	STATE LOTTERY	DEDICATED PURPOSE	FEDERAL	HIGHWAY OPERATING	OTHER SPECIAL REV	STATE HIGHWAY SAFETY
2016 Beginning Balance	357.7	1,477.9	330.9	623.6	2,417.0	271.5	1,119.9	369.7	142.6
Estimated Revenue									
Taxes	22,336.8	0.0	0.00	0.00	143.8	0.0	676.3	0.00	0.00
Federal Grants	12,451.9	0.0	5.6	0.00	9.1	2,855.8	4.3	0.00	0.00
Licenses and Fees	57.0	0.0	113.2	50.0	2,363.0	2.3	93.0	0.00	423.0
Other Income	82.7	0.0	726.7	1,334.9	2,030.5	9,190.8	1,378.3	73.6	83.9
Transfers In	237.8	374.4	27.1	1,066.9	394.1	1.8	590.0	177.0	15.0
Total Resources Available	35,524.0	1,852.3	1,203.5	3,075.5	7,357.5	12,322.2	3,861.9	620.4	664.4
Proposed Expenditures									
Primary, Secondary & Other Education	8,972.7	0.0	23.5	1,011.1	87.1	1,998.6	0.00	0.00	0.00
Higher Education	2,173.3	0.0	0.0	0.00	63.4	24.9	0.00	8.0	0.00
Public Assistance and Medicaid	18,736.3	0.0	11.0	0.00	2,703.2	6,169.8	0.00	0.00	0.00
Health & Human Services	1,135.2	0.0	143.3	0.00	322.2	3,194.6	0.00	0.00	0.3
Justice and Public Protection	2,083.4	0.0	67.5	0.00	294.5	260.5	0.00	0.00	477.3
Environmental Protection & Natural Resources	86.9	0.0	32.3	0.00	314.6	63.3	0.00	0.00	0.00
Transportation	11.1	0.0	0.00	0.00	3.5	0.0	2,597.2	0.00	0.00
General Government	355.4	0.0	545.0	362.3	814.4	17.0	0.00	0.00	0.00
Commerce & Econ Development	709.8	0.0	17.6	0.00	605.0	394.7	0.00	230.6	0.00
Other Spending	1,035.8	0.0	0.00	0.00	14.5	0.00	0.00	6.0	0.0
Transfers Out	34.6	0.0	83.0	1,072.6	18.3	0.0	185.0	7.5	21.0
Total Expenditures	35,334.4	0.0	923.1	2,446.0	5,240.7	12,123.3	2,782.2	252.1	498.6
Ending Balance									
Ending Balance	189.6	1,852.3	280.5	629.5	2,116.8	198.9	1,079.7	368.2	165.8

Fund Balance Summaries

(Continued)

Beginning Balance	AGENCY			DEBT SERVICE	CAPITAL PROJECTS
	FIDUCIARY	OTHER AGENCY	REVENUE DISTRIBUTION	DEBT SERVICE	CAPITAL PROJECTS
2016 Beginning Balance	606.3	179.7	1,803.5	10.2	1,334.3
Estimated Revenue					
Taxes	4,502.6	50.2	2,321.2	0.00	0.00
Federal Grants	0.00	0.00	0.00	0.00	0.00
Licenses and Fees	380.3	0.0	796.2	0.00	0.0
Other Income	1,829.7	3.7	909.9	1,160.4	47.5
Transfers In	0.0	0.00	0.0	0.00	1,410.0
Total Resources Available	7,318.9	233.7	5,830.8	1,170.5	2,791.8
Proposed Expenditures					
Primary, Secondary & Other Education	0.00	0.00	360.9	0.00	320.0
Higher Education	0.00	0.00	0.00	0.00	286.0
Public Assistance and Medicaid	0.00	1.0	0.00	0.00	0.00
Health & Human Services	0.00	0.00	4.2	2.5	0.00
Justice and Public Protection	186.5	4.5	365.0	0.00	0.00
Environmental Protection & Natural Resources	0.00	0.00	0.00	0.00	5.6
Transportation	0.00	0.00	0.00	0.00	0.00
General Government	43.5	0.00	217.9	0.00	0.00
Commerce & Econ Development	0.00	0.00	1,435.4	0.00	227.4
Other Spending	6,206.0	47.7	0.00	1,160.4	549.6
Transfers Out	0.0	0.00	28.1	0.00	1.8
Total Expenditures	6,436.1	53.2	2,411.4	1,162.9	1,390.4
Ending Balance					
Ending Balance	882.9	180.4	3,419.4	7.6	1,401.4

State of Ohio
Fund Balance Calculations by GAAP Fund Type and Budget Fund Group for FY 2016 and 2017
(Dollars in Millions)

Beginning Balance	GENERAL FUNDS			ENTERPRISE FUNDS	SPECIAL REVENUE FUNDS				
	GENERAL REVENUE	BUDGET STABILIZE	INTERNAL SERVICE	STATE LOTTERY	DEDICATED PURPOSE	FEDERAL	HIGHWAY OPERATING	OTHER SPECIAL REV	STATE HIGHWAY SAFETY
2017 Beginning Balance	189.6	1,852.3	280.5	629.5	2,116.8	198.9	1,079.7	368.2	165.8
Estimated Revenue									
Taxes	23,256.1	0.00	0.00	0.00	153.2	0.0	676.3	0.00	0.00
Federal Grants	0.00	0.00	5.7	0.00	9.0	2,850.0	4.1	0.00	0.00
Licenses and Fees	57.0	0.00	83.6	0.0	2,417.2	2.3	93.0	0.00	428.6
Other Income	13,323.9	0.0	734.7	1,340.4	2,111.2	9,045.0	1,369.3	55.1	83.7
Transfers In	410.4	0.00	13.7	1,069.0	215.6	0.0	590.0	189.0	14.4
Total Resources Available	37,237.0	1,852.3	1,118.1	3,038.9	7,023.0	12,096.2	3,812.5	612.3	692.5
Proposed Expenditures									
Primary, Secondary & Other Education	9,333.7	0.0	23.5	1,012.4	87.7	2,000.4	0.00	0.00	0.00
Higher Education	2,226.1	0.0	0.0	0.00	47.4	25.0	0.00	8.0	0.00
Public Assistance and Medicaid	19,886.8	0.0	11.0	0.00	2,579.4	6,011.6	0.00	0.00	0.00
Health & Human Services	1,140.7	0.0	143.1	0.00	317.1	3,197.6	0.00	0.00	0.3
Justice and Public Protection	2,137.2	0.0	68.0	0.00	291.6	261.8	0.00	0.00	477.3
Environmental Protection & Natural Resources	88.9	0.0	32.3	0.00	319.9	63.2	0.00	0.00	0.00
Transportation	11.1	0.0	0.00	0.00	3.5	0.0	2,614.6	0.00	0.00
General Government	354.5	0.0	544.7	364.7	816.2	16.4	0.00	0.00	0.00
Commerce & Econ Development	720.7	0.0	17.6	0.00	607.3	394.2	0.00	230.6	0.00
Other Spending	1,090.0	0.0	0.0	0.00	14.6	0.00	0.00	8.0	0.0
Transfers Out	34.3	0.0	28.8	1,026.7	13.9	0.0	185.0	7.5	21.0
Total Expenditures	37,023.9	0.0	868.9	2,403.8	5,098.6	11,970.2	2,799.6	254.1	498.6
Ending Balance									
2017 Ending Balance	213.1	1,852.3	249.2	635.1	1,924.4	126.0	1,012.9	358.2	193.9

Fund Balance Summaries

(Continued)

Beginning Balance	AGENCY			DEBT SERVICE	CAPITAL PROJECTS
	FIDUCIARY	OTHER AGENCY	REVENUE DISTRIBUTION	DEBT SERVICE	CAPITAL PROJECTS
2017 Beginning Balance	882.9	180.4	3,419.4	7.6	1,401.4
Estimated Revenue					
Taxes	4,750.7	50.2	2,216.1	0.00	0.00
Federal Grants	0.00	0.00	0.00	0.00	0.00
Licenses and Fees	380.4	0.0	796.2	0.00	0.0
Other Income	1,956.1	3.7	893.3	1,226.1	48.8
Transfers In	0.0	0.00	0.0	0.00	1,125.0
Total Resources Available	7,970.0	234.3	7,324.9	1,233.7	2,575.2
Proposed Expenditures					
Primary, Secondary & Other Education	0.00	0.00	249.8	0.00	325.0
Higher Education	0.00	0.00	0.00	0.00	285.0
Public Assistance and Medicaid	0.00	1.0	0.00	0.00	0.00
Health & Human Services	0.00	0.00	4.2	1.3	0.00
Justice and Public Protection	186.5	4.5	365.0	0.00	0.00
Environmental Protection & Natural Resources	0.00	0.00	0.00	0.00	6.1
Transportation	0.00	0.00	0.00	0.00	0.00
General Government	43.5	0.00	201.3	0.00	0.00
Commerce & Econ Development	0.00	0.00	1,440.2	0.00	217.2
Other Spending	6,443.1	47.7	0.00	1,226.1	633.4
Transfers Out	0.0	0.00	28.1	0.00	1.8
Total Expenditures	6,673.1	53.2	2,288.5	1,227.4	1,468.6
Ending Balance					
2017 Ending Balance	1,296.9	181.1	5,036.4	6.3	1,106.7

State Appropriation Limitation

This narrative provides an explanation of the State Appropriations Limitation (SAL) and satisfies the obligations under ORC 107.033 which requires the following:

"As part of the state budget the governor submits to the general assembly under section 107.033 of the Revised Code, the governor shall include the state appropriation limitations the general assembly shall not exceed when making aggregate general revenue fund appropriations for each respective fiscal year of the biennium covered by that budget."

The SAL was enacted in the spring of 2006 with the intent of limiting growth in General Revenue Fund (GRF) spending by imposing the following restrictions:

- Limits the growth of most GRF appropriations to the greater of 3.5 percent or the sum of the inflation rate plus rate of population change (Combination Rate).
- Permits exceptions to the limitation only in response to specifically eligible emergencies declared by the Governor.
- Requires the approval of at least three-fifths of the General Assembly to exceed the limitation in any year.
- Recasts the limitation every fourth year (last completed prior to FY 2012) to prevent the build-up of excess capacity that could result in large appropriation increases in certain years.

As outlined above, among the several non-tobacco budget related items contained in Senate Bill 321 of the 126th General Assembly (the tobacco budget bill), was a provision setting a limitation on the amount of GRF appropriations that can be recommended to and enacted by the General Assembly. This restriction, referred to as the SAL imposes limits on the annual growth of most GRF appropriations to the greater of 3.5 percent or the sum of the rate of inflation plus the rate of population change. The intent of this narrative is to provide a general overview of the provisions of the SAL and identify the limitation for the fiscal years 2016-2017 biennial budget.

What the SAL Covers

While most GRF appropriations are governed under the restrictions imposed by the SAL, there are three specific categories exempted from the limitation. While one of these exempted categories (appropriation of moneys received as gifts) is insignificant in terms of the amount of money involved, the other categories represent a significant portion of GRF appropriations and have been growing more rapidly than the GRF as a whole in recent years. These categories are the appropriations of moneys received from the federal government, appropriations made for tax relief and refunds, or refunds of other overpayments. These exempted categories are significant in that in fiscal year 2015 they are estimated at $12,165.7 million, an amount equal to – 58.0 percent of all fiscal year 2015 appropriations subject to the SAL calculation.

After accounting for the exempted categories identified above, the GRF appropriations to which the SAL applies are defined in statute as "aggregate General Revenue Fund appropriations." In order to prevent exempting aggregate GRF appropriations from the limitation in future years by shifting them from the GRF to another funding source, any item identified as comprising part of the aggregate GRF appropriations either at the setting of the SAL in fiscal year 2007 or at any point in the future, will always be considered as counting toward the SAL, a label that will apply even if the item is eventually moved to a non-GRF fund. Similarly, beginning in fiscal year 2014, a provision contained in House Bill 59 of the 130th General Assembly authorized an adjustment to the limitation for any appropriations moved from a non-GRF funding source into the GRF. Under this provision, in the event appropriations are moved into the GRF from another fund, the State Appropriation Limitation may be increased by the amount appropriated for that appropriation line item in the year preceding the year in which the appropriation is moved. As a result, in the case of an appropriation item proposed for movement into the GRF in 2016, the State Appropriation Limitation for fiscal year 2016 is increased by the appropriation amount of that item or those items in fiscal year 2015. Based on the recommendations, contained in the Executive Budget proposal, appropriation items that in fiscal year 2015 totaled $57.8 million are being moved to the GRF and thus, the fiscal year 2016 limitation is increased by that amount in order to account for this transfer.

The Role of the Governor and the Office of Budget and Management

As part of the responsibility of submitting the Executive Budget Recommendations to the General Assembly, the statutes governing the SAL require the Governor to identify and set the limitation for each year of the biennium. Once the limitation is set, the General Assembly is generally prohibited from exceeding it in the appropriations it makes during the course of the biennium.

State Appropriation Limitation

Calculating the SAL: History, Statutory Changes, Recast, and Setting the FY 2016 – 2017 Limitation

Under direction from the Governor, OBM originally applied the statutory framework discussed above to fiscal year 2007 estimated appropriation levels. Assuming at the time that estimated GRF appropriations for fiscal year 2007 would remain unchanged at \$26,063.3 million, plus \$107.3 million in contingent Medicaid appropriations that were authorized in House Bill 66 of the 126th General Assembly, total GRF appropriations for the base year were estimated at \$26,170.6 million. OBM's next step in carrying out this initial calculation was to deduct from the total appropriations, those appropriations that are specifically exempt from the SAL – appropriation of federal grant moneys, tax relief and refund payments, and appropriation of moneys received as gifts. At the time it was assumed that current appropriation levels for those items would remain unchanged at \$7,016.6 million, thus the estimated aggregate GRF appropriations amount for fiscal year 2007 which served as the base for fiscal years 2008 through 2011 were set at \$19,046.7 million.

Having established the base of \$19,046.7 million, the next step in calculating the SAL for each budget was to determine the growth rate that would be applied. Per statutory requirements, OBM determined whether an increase of 3.5 percent or the combination rate would be greater for each fiscal year. Using the required data from the Consumer Price Index and population growth data available for Ohio, OBM estimated that the growth rate for each year would be 3.5 percent and applied that rate to the fiscal year 2007 base amount each time the calculation was redone. OBM has continued this process each biennium since 2007 with the exception of every fourth year in which case a recast of the SAL is completed based not off of the current year's limitation, but off of the current year's aggregate General Revenue Fund appropriations. This calculation, previously completed in fiscal year 2011 for the fiscal years 2012 and 2013 budget is referred to as the Four Year Recast.

Four Year Recast of the SAL Estimated Impact for Fiscal Years 2016 and 2017

While the SAL for fiscal year 2015 was set at \$20,977.3 million as a result of four years of inflation-adjusted increases from the 2011 aggregate GRF appropriations levels, the limitation for fiscal years 2016 and 2017 must be recast using estimated aggregate GRF appropriations levels for 2015 plus the amount of fiscal year 2015 appropriation items that are being moved from non-GRF funds to the GRF in the Executive Budget. As a result, OBM reviewed fiscal year 2015 appropriations, including those aggregate GRF appropriations moved to and from other sources of funding as a result of either past budget decisions or proposals included in the Executive Budget. These included the significant migration of Medicaid appropriations to non-GRF sources as well as other non-GRF appropriations for Public Defender, Public Safety, Commerce, and the Controlling Board that were moved to other sources of funding during prior budgets but that were items that were part of the aggregate GRF appropriations in fiscal year 2007. As a result, fiscal year 2015 aggregate GRF appropriations were estimated at \$20,967.6 million. Based on the allowable growth rate, which in 2016 and 2017 OBM has determined to be no more than 3.5 percent, plus the fiscal year 2015 appropriations of those line items that are moving to the GRF which is estimated at \$57.8 million, the State Appropriation Limitation for those fiscal years is set at \$21,759.3 million and \$22,520.9 million respectively. At that limitation, aggregate GRF appropriation levels in the Executive Budget for fiscal years 2016 and 2017, which total \$21,427.4 million and \$22,298.0 million, are estimated to be \$331.9 million and \$222.8 million below the limitation in the respective fiscal years. Included in the aggregate GRF appropriations are not only those either moved to other funding sources or moved from other funding sources to the GRF.

State Appropriation Limitation

Table C-10: State Appropriations Limitation vs Appropriations FY 2016 – 2017 ($ in millions)

	2015 (Est)	2016	2017
Total General Revenue Fund Appropriations	$31,769.6	$35,299.9	$36,989.6
Minus - Tax Relief	$1,819.7	$1,846.0	$1,877.1
Minus - Estimated Refunds	$0	$0	$0
Minus - Estimated Gifts	$0	$0	$0
Minus - Federal Grants (including federal grants for Appropriations Moved to Other Sources)	$10,346.0	$13,369.5	$14,292.2
Plus - State GRF Appropriations Moved to Other Sources	$1,363.7	$1,343.0	$1,477.7
Plus – Appropriations Moved from Other Funding Sources to the GRF	$0	$57.8	$0
Aggregate GRF Appropriations	$20,967.6	$21,427.4	$22,298.0
State Appropriations Limitation	$20,977.3	$21,759.3	$22,520.9
Over (Under)	($9.7)	($331.9)	($222.8)

Capital Improvements and Long-Term Financing

Capital Budgeting Process

In even-numbered years the state engages in a separate budgeting process for its capital expenditures – the construction or improvement and equipping and furnishing of buildings and other structures and the acquisition of real estate (or interests therein). The purpose of Ohio's capital planning and budgeting process is to facilitate decisions regarding the allocation of dollars available for capital improvements for use by state agencies, colleges and universities, K-12 schools and local government infrastructure. As is the case with virtually all budget processes, the demand for resources exceeds their availability.

Most capital appropriations are supported by long-term debt issued the state, with the principal and interest payments on that debt funded primarily by GRF appropriations made in future operating budgets. As a result, capital bill appropriations directly impact operating budgets. The capital budgeting process attempts to balance the needs of state agencies and local communities in producing a two-year budget that is affordable within projected available resources.

The process for developing the capital budget involves the affected state agencies, the Office of Budget and Management (OBM), the Governor, and the General Assembly. Every two years, state agencies submit to OBM, pursuant to Section 126.03 of the Ohio Revised Code, a six-year capital improvements plan and a more detailed two-year capital budget request. OBM issues guidelines to agencies describing the format and content for agency capital budget requests.

Concurrent with the receipt of agency requests, OBM projects the affordable size of capital appropriations based on a number of factors including the availability of cash-funded (non-debt) capital, projected State revenues, and competing noncapital uses for those revenues. OBM projects the affordable amount of debt-supported capital appropriations by considering the amount of state debt previously issued and outstanding, the amount of debt previously authorized but yet to be issued, the projected level of the state revenue(s) pledged to repay debt, and projected market interest rates. Determinations regarding the amount of GRF debt-supported appropriations that may be authorized in the capital budget are subject to a 1999 constitutional amendment generally providing (subject to limited exceptions) that state debt obligations payable from the GRF or net state lottery proceeds may not be issued if future fiscal year debt service on those new and any already outstanding obligations would exceed five percent of the total estimated GRF revenues plus net state lottery proceeds during the fiscal year of issuance. The director of OBM is authorized by the Governor to make those determinations.

OBM works with the Governor to devise a capital spending plan that fits within the available resources, reflects the Governor's priorities, and meets the needs of state agencies and local entities. The capital plan is then drafted into a bill and submitted to the General Assembly for the same review and process described in the discussion of the operating budget bill.

Fiscal Years 2015 and 2016 Capital Appropriations

Consistent with the Governor's commitment to restrain government spending, the 2015-2016 capital bill (H.B. 497, 130th General Assembly) was moderate in size and included as priority the maintenance and upkeep of the core capital responsibilities. H.B. 497 contained $2.38 billion in new capital appropriations for the 2015-2016 capital biennium. The General Assembly made additional 2015-2016 capital appropriations totaling $25 million, bringing new capital appropriations for the biennium to a total of $2.41 billion. Of that amount, $2.08 billion is to be funded by the issuance of bonds, the debt service on which is to be paid from GRF appropriations. The remaining $334 million was funded by various non-GRF cash sources ($134 million), non-GRF backed bonds ($100 million) and State lottery profit fees and revenues from implementation of video lottery terminals at Ohio's seven horse racing tracks ($100 million).

The 2015-16 capital appropriations provided significant state support to assist local communities and higher education institutions to preserve and improve their infrastructure as a tool for economic growth. The largest portion of capital appropriations for the 2015-16 capital biennium ($692 million) was provided to the Ohio Facilities Construction Commission to cover the state's share of the cost of construction of K-12 school facilities. The next largest portion ($505 million) was appropriated to the Board of Regents and higher education institutions to address the capital needs of Ohio's colleges and universities. At the Governor's request, the state's higher education institutions again engaged in a collaborative process to develop a capital funding plan that focused on four strategic areas: public-private partnerships, workforce development, interdisciplinary approaches and long-term maintenance. The Public Works Commission received appropriations totaling $444 million to provide grants and loans for local government infrastructure projects. New capital appropriations were also provided to state agencies with a focus on preserving and extending the useful life of existing state assets. The Department of Rehabilitation and Corrections received $130 million to support general facility renovations and improvements and the Department of Natural Resources received $245 million including $48 million for State park facilities and $36 million for local parks projects.

Figure C-11 provides a summary of 2015-2016 capital appropriations (both GRF and non-GRF backed) by agency.

Figure C-11: Fiscal Years 2015 and 2016 Capital Appropriations (dollars in thousands)

Agency	GRF Debt Funds	Other Funds	Total
Adjutant General	$4,438	$4,709	$9,148
Administrative Services	24,864	-0-	24,864
Agriculture	14,100	-0-	14,100
Attorney General	8,511	-0-	8,511
Board of Regents / Higher Education	505,185	-0-	505,185
Broadcast Education Media	1,117	-0-	1,117
Capitol Square Review and Advisory Board	889	-0-	889
Commerce	-0-	3,405	3,405
Ohio Cultural Facilities Commission	75,340	-0-	75,340
Developmental Disabilities	20,165	-0-	20,165
Development Services	3,000	-0-	3,000
Expositions Commission	49,000	-0-	49,000
Facilities Construction Commission	3,500	-0-	3,500
Judiciary / Supreme Court	4,955	-0-	4,955
Mental Health	19,579	-0-	19,579
Natural Resources	223,110	21,783	244,893
Public Safety	1,166	7,000	8,166
Public Works Commission	375,000	69,000	444,000
Rehabilitation and Correction	130,000	-0-	130,000
School Facilities Commission	575,000	117,345	692,345
School for the Blind	1,039	-0-	1,039
School for the Deaf	968	-0-	968
Transportation	-0-	100,000	100,000
Veterans' Home	-0-	11,174	11,174
Youth Services	36,104	-0-	36,104
Total	$2,077,031	$334,416	$2,411,447

Capital Budget's Impact on the Operating Budget

The capital budget's most obvious relationship to the operating budget is the debt service requirements it generates. Debt service is the payment of interest and principal to retire debt obligations issued to fund capital appropriations. The section below titled "Overview of Capital Financing" provides detailed information on state capital financing purposes, including the cost of debt service in the current biennium.

The capital budget also relates to the operating budget in other ways. Projects that lead to an expansion of space and service levels generally require additional employees to provide services and maintain that space. As a result, state agencies that receive capital appropriations may experience increases in their operating budgets once a new capital project has been completed. Conversely, some projects may lead to a decrease in operational spending due to efficiencies gained through consolidation or modernization. For example, the Department of Administrative Services' renovation of the State of Ohio Computer Center resulted in the consolidation of IT services for a number of state agencies.

Bond Financing of Capital Projects

Ohio began major capital construction programs for highway and non-highway projects pursuant to a series of constitutional amendments passed by the voters beginning in 1953. These constitutional amendments authorized the issuance of bonds to finance those capital programs and have resulted in the construction and improvement of highways, public school buildings, higher education facilities, parks and recreation facilities, mental health and correctional facilities, airports, pollution control facilities, and local government infrastructure. Bond financing allows payments of the capital costs to be spread over a period of time that approaches but does not exceed the useful life of the bond-financed projects or facilities.

Several types of bonds have been authorized and utilized by the State to fund its capital projects, including general obligation bonds, special obligation bonds (lease-rental and revenue bonds), economic development bonds, and certificates of participation, and occasionally from current revenue cash balances.

General Obligation Bonds

Since 1953, many capital improvements have been financed through the issuance of general obligation bonds backed by the state's full faith and credit. General obligation bonds are issued by the Ohio Public Facilities Commission and, for highway purposes, by the Treasurer of State. Unless expressly exempted, state revenues from tax and non-tax sources are pledged to the repayment of these general obligations. Exceptions are highway user receipts, which may only be used for financing highway projects, and state lottery profits, which may only be used for financing primary and secondary education facilities. Such general obligation debt must be authorized by a constitutional amendment approved by the voters.

<u>Ohio Public Facilities Commission.</u> The Ohio Public Facilities Commission issues general obligation bonds for primary and secondary education, higher education, natural resources, coal research and development, conservation projects, local infrastructure improvements, Third Frontier research and development, job-ready site development, and veterans compensation. Each of these currently authorized programs is described below, with the General Assembly determining the amount of bonds authorized to be issued (within the indicated constitutional limitations) in each capital biennium.

- *Veterans Compensation*. A 2009 constitutional amendment authorizes the issuance of state general obligation debt to provide compensation to persons who have served in active duty in the United States armed forces at any time during the Persian Gulf, Afghanistan, and Iraq conflicts. Not more than $200 million may be issued and no obligations may be issued later than December 31, 2013. The full faith and credit, revenue and taxing power (excluding net state lottery proceeds and highway user receipts) of the state are pledged to retire this debt.
- *Third Frontier Research and Development.* Constitutional amendments in 2005 and 2010 authorize the issuance of $1.2 billion of general obligation debt in support of Ohio industry, commerce, and business. No more than $450 million total may be issued in state fiscal years 2006 through 2011, no more than $225 million in fiscal year 2012, and no more than $175 million in any fiscal year thereafter. The full faith and credit, revenue and taxing power (excluding net state lottery proceeds and highway user receipts) of the state are pledged to retire this debt.
- *Site Development.* A 2005 constitutional amendment authorizes the issuance of $150 million of general obligation debt for the development of sites for industry, commerce, distribution, and research and development. Not more than $30 million was permitted to be issued in each of the first three fiscal years and not more than $15 million in any other fiscal year. The full faith and credit, revenue and taxing power (excluding net state lottery proceeds and highway user receipts) of the state are pledged to retire this debt.
- *Conservation.* Constitutional amendments in 2000 and 2008 authorize $400 million of general obligation debt to be issued to finance preservation of green space, development of recreational trails, and protection of farmland, all through partnerships with local governments. Not more than $50 million may be issued in any fiscal year. Additional debt may be issued as outstanding debt is retired, provided that not more than $400 million is outstanding at any time. The full faith and credit, revenue and taxing power (excluding net state lottery proceeds and highway user receipts) of the state are pledged to retire this debt.
- *Primary and Secondary Education.* A 1999 constitutional amendment authorizes general obligation debt to be issued to pay the costs of capital facilities for a system of common public schools throughout the state. There is no constitutional limit on the amount of debt that can be outstanding at any time. The full faith and credit, revenue (including net state lottery proceeds) and taxing power of the state are pledged to retire this debt.
- *Higher Education.* That same 1999 constitutional amendment authorizes general obligation debt to be issued to pay the cost of capital facilities for state-supported and state-assisted institutions of higher education. There is no constitutional limit on the amount of debt that can be outstanding at any time. The full faith and credit, revenue and taxing power (excluding net state lottery proceeds and highway user receipts) of the state are pledged to retire this debt.
- *Infrastructure Improvements.* A 2005 constitutional amendment authorized $1.35 billion of general obligation debt as a ten-year extension of this program to finance or assist the financing of public infrastructure capital

improvements of municipal corporations, counties, townships, and other government entities, with an increase in the annual issuance amount from $120 million to $150 million in the last five years. A 2014 constitutional amendment authorizes an additional $1.875 billion of general obligation as another extension of this program, with the annual issuance limit rising to $175 million in the first five years and to $200 million in the last five fiscal years. The full faith and credit, revenue and taxing power (excluding net state lottery proceeds and highway user receipts) of the state are pledged to retire this debt.

- *Natural Resources.* A 1993 constitutional amendment authorizes $200 million of general obligation debt to be issued to finance capital facilities for parks and natural resources improvements. Additional debt may be issued as outstanding debt is retired, provided that no more than $200 million is outstanding at any time. Not more than $50 million may be issued in any fiscal year. The full faith and credit, revenue and taxing power (excluding net state lottery proceeds and highway user receipts) of the state are pledged to retire this debt.
- *Coal Research and Development.* A 1985 constitutional amendment authorizes $100 million of general obligation debt to be issued to finance grants, loans, or loan guarantees for research and development of coal technology that will encourage the use of Ohio coal. Funding is available to any individual, association, or corporation doing business in Ohio, as well as any educational or scientific institution located in the state. Additional debt may be issued as outstanding debt is retired, provided that not more than $100 million is outstanding at any time. The full faith and credit, revenue and taxing power (excluding net state lottery proceeds and highway user receipts) of the state are pledged to retire this debt.

Treasurer of State. The Treasurer of State issues general obligation bonds for highway construction, as summarized below:

- *Highway Capital Improvements.* A 1995 constitutional amendment authorizes the issuance of general obligation debt for highway construction. The amendment provides that as this debt is retired additional debt may be issued so long as no more than $1.2 billion is outstanding at any time. No more than $220 million may be issued in any fiscal year. Though secured by the state's full faith and credit, debt service on these general obligations has always been paid from highway user receipts (including the motor vehicle fuel tax).

Figure C-12 provides summary information for the state's general obligation bonds as of June 30, 2014.

Figure C-12: General Obligation Bonds (dollars in thousands)

Purpose	Fiscal Years Issued	Amount Issued (a)	Maturing through Fiscal Year	Outstanding Balance
Infrastructure Improvements	1990-14	$3,299,986	2034	$1,785,452(b)
Coal Research & Development	1992-12	210,000	2022	20,040
Natural Resources	1995-12	348,000	2027	115,820
Highway Capital Improvements	1997-14	2,693,410	2029	861,635
Higher Education Facilities	2000-14	2,910,000	2034	2,071,935
Common School Facilities	2000-14	4,170,000	2033	2,929,625(c)
Conservation Projects	2002-14	350,000	2028	228,655
Third Frontier R&D	2007-14	661,000	2024	474,515
Site Development	2007-14	150,000	2023	104,795
Veterans Compensation	2011-14	83,910	2027	73,385
Total		$14,876,306		$8,665,857

Notes:

[a] The amount of bonds issued solely for refunding purposes is excluded from the amount issued.
[b] Includes $254,915,000 in adjustable rate bonds.
[c] Includes $322,400,000 in adjustable rate bonds.

Lease-Rental Bonds

Prior to fiscal year 2000, most of the state's capital projects were funded through the issuance of lease-rental bonds. These bonds constitute a special type of bonded debt, with their debt service payable from lease-rental payments subject to biennial GRF appropriations enacted in the state's operating budget. Lease-rental bonds do not carry the state's full faith and credit, and bondholders have no right to have taxes or excises levied by the General Assembly for the payment of debt service.

The Treasurer of State issues lease-rental bonds for parks and recreation and mental health facilities, and for facilities to house branches and agencies of state government and their functions, including state office buildings and facilities for the Departments of Administrative Services and Public Safety and the Bureau of Workers' Compensation; juvenile detention facilities for the Department of Youth Services; prisons for the Department of Rehabilitation and Corrections and various cultural and sports facilities. Debt service is paid from GRF lease-rental appropriations, except for (i) public safety facilities, which are paid from the State Highway Safety Fund, and (ii) workers' compensation facilities, which are paid from the Bureau of Workers' Compensation Administrative Fund.

Figure C-13 presents summary information for the state's lease-rental bonds as of June 30, 2014.

Figure C-13: Lease-Rental Bonds (dollars in thousands)

Issuer / Purpose	Fiscal Years Issued	Amount Issued (a)	Maturing through Fiscal Year	Outstanding Balance
Prison Facilities	1986-14	$1,884,500	2034	$535,160
Juvenile Facilities	1993-13	312,000	2027	126,670
Administrative Service Facilities	1992-14	1,696,000	2033	655,980
Public Safety Facilities(b)	1995-14	140,285	2021	13,240
Workers' Compensation(b)	1993-03	214,255	2014	-0-
Higher Education Facilities	1992-99	4,817,590	2014	-0-
Mental Health Facilities	1992-14	1,467,085	2024	168,930
Parks & Recreation Facilities	1993-13	408,000	2026	99,280
Cultural & Sports Facilities	1993-13	504,690	2023	127,105
Total		$11,444,405		$1,726,365

Notes:

(a) The amount of bonds issued solely for refunding purposes is excluded from the amount issued.
(b) Debt service paid from non-GRF sources.

Certificates of Participation

The Department of Administrative Services has entered into lease-purchase agreements supporting the issuance of certificates of participation (COPs) issued to finance state buildings and equipment, information systems, and non-highway related projects. The lease payments are made from charges to the user and/or biennial appropriations for lease payments that are included in the operating budget. Holders or owners of the COPs have no right to have excises or taxes levied to make those payments.

Figure C-14 presents summary information for COPs financing arrangements as of June 30, 2014.

Figure C-14: Certificates of Participation (dollars in thousands)

Purpose	Fiscal Years Issued	Amount Issued (a)	Maturing through Fiscal Year	Outstanding Balance
Youngstown Community Improvement District	1998	$6,615	2029	$5,065
Rickenbacker Port Authority (Lazarus)	1998	16,455	2023	9,165
Ohio Administrative Knowledge System	2005-14	185,175	2019	84,650
State Taxation Accounting & Revenue System	2008	40,080	2019	22,130
The Riversouth Authority (Lazarus)	2008	16,500	2028	16,500
Multi-Agency Radio Communication System(MARCS)	2013	56,235	2028	53,530
Total		$321,060		$191,040

Notes:

(a) Any amount issued solely for refunding purposes is excluded in determining the amount issued.

Bonds Paid from Other State Funds

Economic Development. These bonds were issued by the Treasurer of State for the Development Services Agency's Direct Loan, Innovation Ohio, Research and Development, Logistics and Distribution programs, and for the Air Quality Development Authority's Advanced Energy Program, all under Chapter 166 of the Revised Code. The bonds provided financing for loans to businesses within the state for economic development projects that create or retain jobs in the state. As part of a 25-year lease of the state's liquor enterprise to Jobs Ohio completed in February 2013, these bonds have been legally defeased and, thus, no longer carry an outstanding balance.

Clean Ohio Revitalization Program. Constitutional amendments in 2000 and 2008 authorized $400 million of bonds to provide financing for grants and loans to projects that provide for the environmentally safe and productive development and use or reuse of publicly- and privately-owned lands within the state. Not more than $50 million was to be issued in any fiscal year and not more than $400 million was to be outstanding at any one time. As part of a 25-year lease of the state's liquor enterprise to Jobs Ohio completed in February 2013, these bonds have been legally defeased and, thus, no longer carry an outstanding balance.

Figure C-15 presents summary information on those bonds formerly paid from state liquor profits as of June 30, 2014.

Figure C-15: Economic Development and Clean Ohio Revitalization Bonds (dollars in thousands)

Purpose	Fiscal Years Issued	Amount Issued (a)	Maturing through Fiscal Year	Outstanding Balance
Economic Development	1997-12	$629,740	n.a.	$-0-
Revitalization	2003-12	315,000	n.a.	-0-
Total		$944,740		$-0-

Notes:

[a] As part of a 25-year lease of the state's liquor enterprise to Jobs Ohio completed in February 2013, these bonds have been legally defeased and, thus, no longer carry an outstanding balance.

Highway State Infrastructure Bank (GARVEE). The Treasurer of State issues bonds for the Ohio Department of Transportation for selected highway construction projects that have been approved by the U.S. Department of Transportation. The debt service on these bonds is secured by and payable from pledged Federal Title 23 Highway Funds received and to be received by the state for highway projects.

Figure C-16 presents summary information for GARVEE bonds as of June 30, 2014.

Figure C-16: GARVEE Bonds (dollars in thousands)

Purpose	Fiscal Years Issued	Amount Issued (a)	Maturing through Fiscal Year	Outstanding Balance
Major New State Infrastructure	1998-13	$1,832,295	2025	$769,890

Revenue Bonds

Revenue bonds are used by the state to finance a specific project or category of projects. Various state authorities and commissions have been created by the legislature and authorized to issue bonds payable from project revenues or other special revenues. These include the Buckeye Tobacco Settlement Financing Authority, the Ohio Turnpike Commission, the Higher Education Facilities Commission, the Ohio Housing Finance Agency, the Ohio Water Development Authority, and the Petroleum Underground Storage Tank Release Compensation Board. The funds borrowed by these authorities and the sources of debt service payments on these obligations are outside the state treasury and are not subject to General Assembly appropriation.

The Development Services Agency, the Ohio Water Development Authority, and the Ohio Air Quality Development Authority have also issued industrial development or pollution control revenue bonds, the debt service on which is paid solely by the benefited business or project (not from state revenues).

Debt and Interest Rate Risk Management Policy

The Office of Budget and Management (OBM) in collaboration with the two issuers of debt backed by state revenues – the Ohio Public Facilities Commission and the Treasurer of State – developed and maintains a Debt and Interest Rate Risk Management Policy. This policy is intended to ensure that financings undertaken by the two issuers satisfy established standards that protect the state's financial resources and position in order to meet its long-term capital financing needs. The policy largely formalized pre-existing practices and procedures for issuing debt and managing a debt portfolio based upon the state's overall capital improvement needs. The policy highlights the following as primary objectives of the state issuers: i) achieving the lowest cost of capital, ii) ensuring high credit quality, iii) assuring access to the capital credit markets, iv) preserving financial flexibility, and v) managing interest rate risk exposure.

Debt Service and Outstanding Debt

Figure C-17 shows certain historical debt information and comparisons. These tables include all outstanding obligations of the state for which debt service is paid from the GRF (including obligations for purposes such as third frontier research and development, site development, and veterans' compensation that are excluded from the state's five percent debt service limit). Highway obligations and obligations issued by the Treasurer of State for the Department of Transportation and Department of Public Safety, and the Bureau of Workers' Compensation are not included since they are paid from non-GRF sources.

Figure C-17: Outstanding GRF Debt Service and GRF Debt Service Spending

Year	Principal Amount Outstanding (as of July 1)	Outstanding Debt Per Capita	Outstanding Debt as % of Annual Personal Income
1980	$1,991,915,000	$184	1.86%
1990	3,707,054,994	342	1.83
2000	6,308,680,025	556	1.94
2010	8,586,655,636	744	2.05
2011	8,996,752,848	779	2.02
2012	9,760,505,915	845	2.10
2013	9,263,358,266	801	1.95
2014	9,517,346,998	821(a)	2.00(b)

Fiscal Year	Debt Service Payable	Total GRF Revenue and Net State Lottery Proceeds	Debt Service as % of GRF Revenue and Lottery Proceeds	Debt Service as % of Annual Personal Income
1980	$187,478,382	$4,835,670,223	3.88%	0.18%
1990	488,676,826	12,230,681,298	4.00	0.24
2000	871,313,814	20,711,678,217	4.21	0.27
2010	710,284,236(c)	24,108,466,124(d)	2.95	0.17
2011	755,023,015(c)	26,777,133,000(d)	2.82	0.17
2012	692,776,090(c)	27,956,513,000	2.48	0.15
2013	1,204,775,861	30,361,815,000	3.97	0.25
2014	1,237,701,225	30,137,140,000	4.11	0.26(b)

Notes:

(a) Based on July 2014 population estimate.
(b) Based on 2013 personal income data.
(c) Reduction is primarily due to the restructuring of GRF debt service payments resulting in net savings of $416.8 million, $336.9 million, and $449.3 million in Fiscal Years 2010 through 2012, respectively.
(d) Excludes federal funds from the American Recovery and Reinvestment Act of 2009.

Status of Capital Improvements Debt

Figure C-18 shows summary and selected information concerning changes in long-term obligations as of June 30, 2014, and Figure C-19 shows estimated issuance amounts and debt service costs for the fiscal year 2016-2017 biennium. The debt service appropriations for general obligation bonds are in the Governor's proposed operating budget for each of the benefiting state agencies for which obligations have been issued. The appropriations to pay debt service expenditures on special obligation bonds are included in the budgets of the Board of Regents, Department of Mental Health, Department of Developmental Disabilities, Department of Natural Resources, Department of Rehabilitation and Correction, Department of Administrative Services, Department of Youth Services, Cultural and Sports Facilities Commission, Facilities Construction Commission, Department of Transportation, Department of Public Safety, Department of Education, and the Bureau of Workers' Compensation.

Figure C-18: Changes in Outstanding Debt Obligations (dollars in thousands)

	General Obligation Bonds	Lease Rental Bonds	Certificates of Participation	Economic Development	State Infrastructure Bonds	Total
Principal Outstanding as of July 1, 2012	$8,421,381	$2,050,200	$186,060	$751,430	$845,850	$12,254,921
Additions: Debt Issued	2,283,360	349,260	121,385	-0-	183,530	2,937,535
Deductions: Debt Retirement, Refundings & Defeasances	(2,038,884)	(673,095)	(116,405)	(751,430)	(259,490)	(3,839,304)
Principal Outstanding as of June 30, 2014	$8,665,857	$1,726,365	$191,040	$-0-	$769,890	$11,353,152

Figure C-19: Summary of State Debt as of June 30, 2014 and FY 2016-2017 Estimated New Issuance Amounts (dollars in thousands)

Security and Purpose	Constitutional Citation	Amount Authorized by the Legislature(a)	Amount Issued as of 6/30/14	Amount Outstanding as of 6/30/14	Estimated Amount Issued through FY2017	Estimated Debt Service for FYs2016 - 2017(b)
General Obligations						
Higher Education	Sec 2n, Art. VIII	$3,535,000	$2,910,000	$2,071,935	$600,000	$516,760
Common Schools	Sec 2n, Art. VIII	4,770,000	4,170,000	2,929,625	600,000	762,462
Infrastructure	Sec 2k/2m/2p/2s, Art VIII	3,750,000	3,299,986	1,785,452	450,000	462,241
Natural Resources	Sec 2l, Art. VIII	443,000	348,000	115,820	100,000	53,154
Coal R&D	Sec 15, Art. VIII	251,000	210,000	20,040	24,000	11,030
Conservation	Sec 2o/2q, Art. VIII	500,000	350,000	228,655	100,000	73,901
Third Frontier R&D	Sec. 2p, Art. VIII	1,200,000	661,000	474,515	275,000	177,803
Site Development	Sec. 2p. Art. VIII	150,000	150,000	104,795	-	35,120
Veterans Bonus	Sec. 2r, Art. VIII	200,000	83,910	73,385	-	32,427
Highway(c)	Sec 2m, Art. VIII	3,115,000	2,693,410	861,635	285,000	254,039
Total		**$17,914,000**	**$14,876,306**	**$8,665,857**	**$2,434,000**	**$2,378,937**
Special Obligations						
Admin. Services	Sec 2i, Art. VIII	$1,831,000	$1,696,000	$655,980	$110,000	$196,359
Adult Corrections	Sec 2i, Art. VIII	2,119,000	1,884,500	535,160	110,000	162,299
Juvenile Corrections	Sec 2i, Art. VIII	351,000	312,000	126,670	35,000	46,545
Cultural & Sports	Sec 2i, Art. VIII	593,000	504,690	127,105	65,000	55,466
Higher Education	Sec 2i, Art. VIII	4,817,590	4,817,590	-0-	-0-	-0-
Mental Health	Sec 2i, Art. VIII	1,581,000	1,467,085	168,930	90,000	81,440
Parks & Recreation	Sec 2i, Art. VIII	598,000	408,000	99,280	80,000	47,895
Public Safety (c)	Sec 2i, Art. VIII	143,000	140,285	13,240	-0-	4,869
Dept. of Transportation(c)	Sec 2i, Art. VIII	255,800	155,800	-0-	200,000	22,262
Workers' Comp.(d)	Sec 2i, Art. VIII	214,255	214,255	-0-	-0-	-0-
Total		**$12,247,845**	**$11,444,405**	**$1,726,365**	**$690,000**	**$617,135**
Other						
Highway Infrastructure(e)	Sec 13, Art. VIII	n.a.	$1,832,295	$769,890	$305,875	$349,230
Economic Dvlpmt.(f)	Sec 13, Art. VIII	n.a.	629,740	-0-	-0-	-0-
Revitalization(f)	Sec 2o/2q, Art. VIII	$400,000	315,000	-0-	-0-	-0-
Total		**$400,000**	**$2,777,035**	**$769,890**	**$305,875**	**$349,230**

Notes:

(a) Reflects amounts authorized by the General Assembly through 12/31/2014.
(b) Debt service or lease payments paid from GRF unless otherwise noted. Totals may not add due to rounding.
(c) Debt service is paid from highway user receipts (including motor vehicle tax fuel tax receipts).
(d) Debt service is paid from appropriations from the BWC Administrative Cost Fund.
(e) Debt service on these "GARVEE" bonds is paid from federal transportation grants (Title 23 of the U.S. Code).
(f) Debt service was paid from profits derived from the State's liquor enterprise.

Five Percent Debt Service Limit / Capital Affordability Analysis

Section 17 of Article VIII of the Ohio Constitution establishes an annual debt service "cap" applicable to most debt issuances payable from the GRF or net state lottery proceeds. Section 17 prohibits the issuance of debt payable from those sources if debt service in any future fiscal year on those new and the then outstanding bonds would exceed five percent of the total of estimated GRF revenues plus net state lottery proceeds for the fiscal year of issuance.

Capital Improvements and Long-Term Financing

Debt obligations payable from the GRF include general obligation and special obligation bonds, but exclude (i) general obligation debt issued for Third Frontier research and development, site development, and veterans compensation purposes and (ii) general obligation debt payable from non-GRF funds (for example, highway bonds that are paid from highway user receipts). Application of the five percent limit may be waived in a particular instance by a three-fifths vote of each house of the General Assembly.

Debt obligations are typically issued as needed to ensure uninterrupted funding of the capital appropriations enacted by the General Assembly from bond proceeds. To determine the affordable amount of new capital appropriations under the five percent limit, OBM utilizes a model that takes into account i) existing GRF debt service, ii) estimated GRF debt service from bond authorizations passed by the General Assembly for which bonds will be issued in the near-term, iii) projected GRF debt service from alternative amounts of new capital appropriations, and iv) projections of total GRF revenue plus net state lottery proceeds. The forecasts of GRF revenue for future fiscal years exclude any one-time federal stimulus funds. The model also reflects conservative assumptions with respect to the timing, amount, and applicable interest rates for projected future bond sales.

The fiscal year 2008-2009 biennial operating budget bill (H.B. 119 of the 127th General Assembly) created the Buckeye Tobacco Settlement Financing Authority to securitize tobacco settlement receipts payable to the state under the 1998 National Tobacco Master Settlement Agreement. In October 2007, the authority issued $5.53 billion in Tobacco Settlement Asset-Backed Bonds to fund capital expenditures for higher education and common school facilities in lieu of the state issuing GRF-backed general obligation bonds for those purposes. As a result, the state reduced its reliance on GRF-backed debt and lowered its position relative to the five percent limit. Debt service on the tobacco bonds is paid solely from tobacco settlement receipts with no recourse to any funds of the state. The tobacco bond proceeds were fully expended in Fiscal Year 2012 prompting the state to return to general obligation bond funding of capital appropriations for both common schools (K-12) and higher education school facilities.

Figure C-20 below shows the historical position of State debt payments relative to the five percent debt service limitation and estimates that position for end of Fiscal Year 2016 based on the amount of GRF revenue plus net state lottery proceeds presented in this Executive Budget.

Figure C-20: GRF-Backed Capital Appropriations and the Five Percent Debt Service Limit

Capital Biennium	Capital Appropriations Backed by GRF Debt Subject to the 5% Limit(a)	Debt Service Subject to the 5% Limit as a Percent of GRF Revenue and Net State Lottery Proceeds(a)
FY 2007-08 act.	$2,381,167,100	4.45%
FY 2009-10 act.	1,537,457,200	2.84(b)
FY 2011-12 act.	847,900,000	2.30(b)
FY 2013-14 act.	1,484,291,100	3.81
FY 2015-16 est.	2,077,030,800	3.61(b)

Notes:

(a) Reflects capital appropriations for and debt service related to debt obligations funded from the GRF or net state lottery proceeds that are subject to the five percent limit.

(b) Reflects sizable reductions in GRF debt service as a result of restructuring of GRF debt resulting in net savings of $416.8 million, $336.9 million, and $449.3 million in Fiscal Years 2010 through 2012, respectively. For the FY 2015-16 capital biennium, the estimate reflects the end of FY 2015.

Summary of State of Ohio Personnel

Figure C-21:
Summary of State of Ohio Personnel
Fiscal Years 2014 and 2015

Estimated		
FY 2014 (July 2013)	FY 2015 (July 2014)	% Change
54,106	54,051	-0.1%

Figure C-21 summarizes state agency employment figures for full-time and part-time employees in the following employment types:

- Established Term: These employees are established by agency-specific and collective bargaining agreements and have a limited duration of work dependent upon the needs of the department.
- Fixed Term: These employees have been appointed or elected to serve for a period fixed by law. Fixed-term salaried employees receive a fixed salary set by law. Fixed-term per diem employees receive compensation on a daily basis for attending meetings and/or conducting official business on behalf of the agency.
- Interim: These employees work for an indefinite period of time that is fixed by the length of absence of an employee due to sickness, disability, or approved leave of absence.
- Intermittent: These employees work an irregular and unpredictable schedule, which is determined by the fluctuating demands of the work. Typically, these employees work fewer than 1,000 hours per year.
- Permanent: These employees hold a position that requires a regular schedule of 26 consecutive biweekly pay periods, or any other regular schedule of comparable consecutive pay periods that is not limited to a specific season or duration.
- Project Employees: These employees are hired in connection with a special project having a limited-term funding source, such as a federal grant.
- Seasonal: These employees work a certain regular season or period of each year performing some work or activity limited to that timeframe.
- Temporary: These employees hold their positions for a limited period of time, which is fixed by the appointing authority for a period not to exceed six months.

Data for fiscal years 2014 and 2015 are from the first month of each fiscal year – July 2013 and July 2014, respectively. The Department of Administrative Services' Human Resources Division produces the data for its Monthly Report – Number of State Employees (i.e. the "Trend Report").

Figure C-21 above shows that state employment declined 0.1 percent between the start of fiscal year 2014 and the start of fiscal year 2015. In fiscal years 2016 and 2017, the number of state employees is expected to hold relatively steady.

Note that these figures represent a point in time during each fiscal year and do not necessarily represent either the minimum or maximum staffing levels for the period. Certain position types, particularly certain non-permanent position types, may or may not be captured in these data simply because of the points in time represented.

Figure C-22 below shows more detailed state agency employment figures for the fiscal year 2014-2015 biennium for all employment types described above.

Summary of State of Ohio Personnel

Figure C-22:
Detail of State of Ohio Personnel by Agency
Fiscal Years 2014 and 2015

	Actual		
Agency	FY 2014 (July 2013)	FY 2015 (July 2014)	% Change
Accountancy Board of Ohio	19	19	0.0%
Adjutant General's Department	271	274	1.1%
Administrative Services, Department of	780	784	0.5%
Aging, Department of	98	94	-4.1%
Agriculture, Department of	430	439	2.1%
Air Quality Development Authority	9	10	11.1%
Arts Council	16	14	-12.5%
Athletic Commission	7	8	14.3%
Attorney General	1,675	1,726	3.0%
Auditor of State	774	781	0.9%
Barber Board	10	10	0.0%
Broadcast Educational Media Commission	20	21	5.0%
Budget and Management, Office of	231	231	0.0%
Capital Square Review and Advisory Board	61	63	3.3%
Career Colleges and Schools, Board of	9	9	0.0%
Casino Control Commission	93	101	8.6%
Chemical Dependency Professionals Board	14	15	7.1%
Chiropractic Board	11	11	0.0%
Civil Rights Commission	71	73	2.8%
Claims, Court of	22	24	9.1%
Commerce, Department of	998	980	-1.8%
Consumers' Counsel, Office of the	39	36	-7.7%
Cosmetology, Board of	48	49	2.1%
Counselor, Social Worker, and Marriage and Family Therapist Board	25	27	8.0%
Dental Board	22	24	9.1%
Development Services Agency	354	332	-6.2%
Developmental Disabilities, Department of	2,709	2,631	-2.9%
Dietetics, Board of	7	7	0.0%
Education, Department of	600	600	0.0%
Elections Commission	8	10	25.0%
Embalmers and Funeral Directors, Board of	15	14	-6.7%
Employment Relations Board	35	35	0.0%
Engineers and Surveyors, Board of	12	14	16.7%
Environmental Protection Agency	1,197	1,188	-0.8%
Environmental Review Appeals Commission	6	5	-16.7%
Ethics Commission	19	18	-5.3%
Examiners of Architects, Board of	11	14	27.3%
Expositions Commission	709	781	10.2%
Governor, Office of the	34	30	-11.8%
Health, Department of	1,177	1,191	1.2%
Hispanic/Latino Affairs, Commission on	12	13	8.3%
Housing Finance Agency	155	164	5.8%
Industrial Commission	395	397	0.5%
Inspector General, Office of	20	17	-15.0%

Summary of State of Ohio Personnel

Agency	Actual		
	FY 2014 (July 2013)	FY 2015 (July 2014)	% Change
Insurance, Department of	263	260	-1.1%
Job and Family Services, Department of	2,974	2,834	-4.7%
Joint Committee on Agency Rule Review	6	6	0.0%
Joint Legislative Ethics Commission	6	6	0.0%
Joint Medicaid Oversight Committee	0	1	N/A
Judicial Conference of Ohio	8	8	0.0%
Judiciary / Supreme Court	1,442	1,448	0.4%
Lake Erie Commission	4	4	0.0%
Legislative Service Commission	196	202	3.1%
Library Board	70	64	-8.6%
Liquor Control Commission	7	8	14.3%
Lottery Commission	345	373	8.1%
Manufactured Homes Commission	7	8	14.3%
Medicaid, Department of	498	590	18.5%
Medical Board	92	89	-3.3%
Mental Health, Department of	2,758	2,708	-1.8%
Minority Health, Commission on	2	5	150.0%
Motor Vehicle Collision Repair Registration Board	10	11	10.0%
Natural Resources, Department of	2,601	2,569	-1.2%
Nursing, Board of	79	76	-3.8%
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	26	28	7.7%
Opportunities for Ohioans with Disabilities	1,018	1,083	6.4%
Optical Dispensers Board	12	11	-8.3%
Optometry, State Board of	8	9	12.5%
Orthotics, Prosthetics, and Pedorthics, Board of	2	2	0.0%
Petroleum Underground Storage Tank Release Compensation Board	26	22	-15.4%
Pharmacy, Board of	57	61	7.0%
Psychology, Board of	17	14	-17.6%
Public Defender Commission	141	145	2.8%
Public Safety, Department of	3,892	3,854	-1.0%
Public Utilities Commission of Ohio	326	333	2.1%
Public Works Commission	10	10	0.0%
Racing Commission	21	20	-4.8%
Regents, Board of	87	80	-8.0%
Rehabilitation and Correction, Department of	11,820	11,901	0.7%
Representatives, House of	306	302	-1.3%
Respiratory Care Board	13	13	0.0%
Sanitarian Registration, Board of	1	2	100.0%
School Facilities Commission	89	90	1.1%
School for the Blind	121	130	7.4%
School for the Deaf	155	148	-4.5%
Secretary of State	148	149	0.7%
Senate	178	187	5.1%
Service and Volunteerism, Commission on	6	6	0.0%
Southern Ohio Agricultural and Community Development Foundation	4	4	0.0%
Speech-Language Pathology and Audiology, Board of	11	10	-9.1%

Summary of State of Ohio Personnel

	Actual		
Agency	FY 2014 (July 2013)	FY 2015 (July 2014)	% Change
Tax Appeals, Board of	18	18	0.0%
Taxation, Department of	1,196	1,190	-0.5%
Transportation, Department of	5,577	5,561	-0.3%
Treasurer of State	119	120	0.8%
Tuition Trust Authority	34	35	2.9%
Veterans Services, Department of	848	908	7.1%
Veterinary Medical Board	10	9	-10.0%
Workers' Compensation, Bureau of	1,913	1,949	1.9%
Youth Services, Department of	1,300	1,093	-15.9%

Figure C-23:
Summary of State of Ohio Personnel-Related Expenditures
Fiscal Years 2014 and 2015

(in Millions)	Actual	Estimated	
Funds	FY 2014	FY 2015	% Change
GRF	1,787.8	1,800.7	0.7%
All Funds	4,233.0	4,257.0	0.6%

Figure C-23 summarizes all personnel-related expenses captured within the personal services expense account category. Amounts include basic wages, overtime compensation, paid leave and leave cash-outs, employer paid benefit expenses, and payroll surcharges for central services (e.g. payroll processing).

State personnel costs in fiscal year 2014 totaled $4.2 billion, with GRF expenses comprising $1.8 billion (42.2 percent) of that amount. Extrapolating fiscal year 2015 payroll expenses to date to the rest of the year shows that GRF state payroll is estimated to be $1.8 billion, increasing 0.7 percent compared to the prior year. Total state payroll for all funds in this fiscal year is estimated to be $4.3 billion, or 0.6 percent more than the prior year.