



# TRANSFORMING OHIO FOR GROWTH

TAX CUTS. EDUCATION & WORKFORCE.  
ENERGY. MANAGEMENT EFFICIENCY.

## Capital Improvements

### THE CAPITAL BUDGET: Focusing Limited Resources on Ohio's Most Critical Needs

Job creation remains Ohio's top priority. Though Ohio's unemployment rate has dropped from 9.0 to 7.7 percent since January 2011, too many Ohioans are still unemployed. We're making progress but Ohio still has a lot of work to do. To further efforts to recreate a jobs-friendly climate in Ohio—efforts that started last year with his Jobs Budget and other policies—Gov. John Kasich initiated a comprehensive review of state government management, operations and policies in key areas.

Referring to this process as the Mid-Biennium Review (MBR), because it came half-way through Ohio's two-year budget cycle, Gov. Kasich worked with his cabinet and staff to develop new strategies that improve the management of Ohio's government agencies and health systems, improve Ohio's education and workforce development efforts, and improve Ohioans' access to low-cost, reliable energy.

The MBR resulted in a new approach to how Ohio pays for the bricks-and-mortar needs of state government agencies and public colleges and universities. Known as the Capital Budget and traditionally enacted every two years, the plan developed by Gov. Kasich focuses on the most pressing needs of state government. It also furthers his goal of transforming Ohio's disjointed "system of universities" into a coordinated "university system" by replacing the fractious, siloed process in which colleges and universities traditionally competed for funds with a new process in which universities worked together to create their own unified plan for Ohio's higher education capital needs.

### \$400 MILLION FOR A UNITED PLAN FOR HIGHER EDUCATION

Breaking with an outdated, formula-based approach to funding higher education's capital needs, Gov. Kasich challenged Ohio's 37 public university and college presidents to cooperatively develop a plan focused on statewide priorities. This effort was led by The Ohio State University President Dr. E. Gordon Gee. As a result, the capital budget allocates \$350 million to higher education through the collaborative plan, \$31 million for projects of system-wide benefit and \$19 million to Central State University to complete construction of its Student Activity Center.

- System-Wide Benefit: For example, of the \$31 million designated for projects of system-wide benefit, a \$9 million allocation supports the Ohio Library and Information Network (OhioLINK), allowing the network's 90 participating campuses to save millions of dollars annually as a result of shared purchasing arrangements that leverage collective resources for the use of electronic journals.

The governor's capital plan adopts the collaborative committee's recommendations for funding of campus-level projects among the following categories:

- Long-Term Maintenance - Recognizing the need to invest primarily in the state's current capital assets, \$207.9 million is distributed among the 37 institutions for maintenance and renovation projects, including \$28.8 million for the University of Cincinnati's Medical Sciences Building renovation and \$12.5 million for the renovation of four academic buildings at Bowling Green State University.
- Engineering Meets Science - Promoting a comprehensive, interdisciplinary approach to research, \$96.9 million is allocated for projects that merge the job-creating fields of science and engineering, including \$50 million for a new Chemical and Biomolecular Engineering and Chemistry Building at The Ohio State University.

- Workforce Development - \$30.4 million is dedicated to projects that enhance Ohio's workforce development efforts, including \$10 million toward a new Energy Industry Training Center at Stark State College and \$6 million for an Energy Training and Education Center at Zane State College to help prepare Ohioans for the jobs that are anticipated with the coming energy boom.
- Public-Private Partnerships - Recognizing the numerous benefits of strategic partnerships with business and industry, \$14.8 million is devoted to projects that enhance private-sector partnerships. For example, a state investment of \$12 million was made to Wright State University's Neuroscience Engineering Collaboration to leverage another \$10 million from the university's public-private partners.

In addition, \$19 million is allocated to Central State University to complete construction of the long-awaited Central State Student Activity Center.

### **\$675 MILLION TO CONTINUE REBUILDING OHIO'S SCHOOLS**

Gov. Kasich's capital budget allocates \$675 million to the Ohio School Facilities Commission for the state's comprehensive K-12 public school construction program. State funding to continue that commitment will help local communities throughout Ohio plan, design and rebuild, or renovate, their schools.

- Funding will consist of \$425 million in bonds back by the state's General Revenue Fund and \$250 million in Ohio Lottery profits generated by license fees from seven horseracing tracks eligible to install video lottery terminals (VLTs).
- The capital budget's allocation of \$675 million will support school construction projects in 40 to 50 Ohio school districts over the 2013-2014 biennium.

### **\$300 MILLION FOR THE OHIO PUBLIC WORKS COMMISSION**

Supporting vital public works construction throughout the state, the capital budget provides \$300 million in new bond-backed funding and \$63.5 million in revolving loan funding for local infrastructure projects in communities across Ohio. These projects are awarded through the Ohio Public Works Commission to local governments in the form of grants, loans or loan assistance. Examples include upgrades, replacement or new construction of waterlines, storm and sanitary sewers, local roads, bridges and other infrastructure.

### **\$290 MILLION FOR STATE AGENCIES' MAINTENANCE AND RENOVATION NEEDS**

The proposed capital budget for fiscal years 2013-2014 allocates more than \$290 million to help state agencies address their most urgent priorities for maintenance, renovations and cost-saving efficiencies. Examples include:

- A total of \$51.2 million to the Department of Natural Resources for maintenance and repair of Ohio State Parks facilities and other department assets, including \$10 million for the rehabilitation of high-priority dams.
- More than \$30 million to the Department of Veterans Services for much-needed infrastructure improvements at Ohio Veterans Home facilities in Sandusky and Georgetown.
- \$67 million for renovations, improvements and major maintenance projects at all of the state's adult corrections facilities.

### **OTHER CAPITAL NEEDS**

- The Attorney General's Bureau of Criminal Investigation (BCI) will receive \$11.9 million to build a state-of-the-art crime lab and investigations facility at its Bowling Green center, building on a unique collaboration with Bowling Green State University to prepare future scientists and investigators for careers in public safety.
- \$3.9 million in state funds, matched by \$11.8 million in federal funding, for construction of a new Ohio National Guard armory in Delaware County.
- \$15 million for improvements at the State of Ohio Computer Center, allowing the center to operate at greater efficiency and helping eliminate the cost and inefficiency of redundant technology at other state agencies.

## **CAPITAL FUNDING FOR COAL RESEARCH**

- \$10 million in new funding through the capital bill to the Ohio Department of Development's Energy Office, which combined with \$28.5 million in reauthorized spending in the upcoming capital reappropriations bill, will provide a total of \$38.5 million to support research or application technologies to use Ohio coal as a fuel or chemical feedstock in an environmentally appropriate manner.

**BOTTOM LINE:** Ohio's first complete capital plan since fiscal years 2009-2010 makes \$1.74 billion in fiscally responsible investments to maintain and improve Ohio's educational and public-service infrastructure. Focusing on schools, higher education, high-tech research and workforce development, the FY2013-2014 capital budget directs limited, but strategically targeted state dollars in ways that help make Ohio a leader in the competitive world economy.

## **CAPITAL APPROPRIATION RECOMMENDATIONS – FISCAL YEARS 2013 – 2014**

<b>Proposed State Capital Appropriations for FYs 2013-2014</b>			
<b>State Agency</b>	<b>GRF-Backed Debt</b>	<b>Cash Funds</b>	<b>Total</b>
Adjutant General	\$ 6,000,000	\$ 12,771,046	\$ 18,771,046
Administrative Services	\$ 30,000,000	\$ -	\$ 30,000,000
Agriculture	\$ 1,000,000	\$ -	\$ 1,000,000
Attorney General	\$ 14,504,433	\$ -	\$ 14,504,433
Board of Regents/Higher Education	\$ 400,000,000	\$ -	\$ 400,000,000
Capital Square Review and Advisory Board	\$ 2,200,000	\$ -	\$ 2,200,000
Commerce	\$ -	\$ 2,500,000	\$ 2,500,000
Cultural Facilities Commission/Ohio Historical Society	\$ 7,500,000	\$ -	\$ 7,500,000
Development	\$ 10,000,000	\$ -	\$ 10,000,000
Developmental Disabilities	\$ 14,635,000	\$ -	\$ 14,635,000
E-Tech	\$ 3,562,434	\$ -	\$ 3,562,434
Expositions Commission	\$ 7,500,000	\$ -	\$ 7,500,000
Job and Family Services	\$ -	\$ 927,500	\$ 927,500
Mental Health	\$ 10,000,000	\$ -	\$ 10,000,000
Natural Resources	\$ 38,440,000	\$ 12,800,000	\$ 51,240,000
Public Safety	\$ 320,000	\$ 6,963,000	\$ 7,283,000
Public Works Commission	\$ 300,000,000	\$ 63,500,000	\$ 363,500,000
Rehabilitation and Correction	\$ 67,886,857	\$ -	\$ 67,886,857
School Facilities Commission	\$ 425,000,000	\$ 250,000,000	\$ 675,000,000
School for the Blind	\$ 1,049,436	\$ -	\$ 1,049,436
School for the Deaf	\$ 1,313,983	\$ -	\$ 1,313,983
Veterans' Services	\$ 3,915,718	\$ 26,120,863	\$ 30,036,581
Youth Services	\$ 15,463,280	\$ -	\$ 15,463,280
<b>Total Appropriations</b>	<b>\$ 1,360,291,141</b>	<b>\$ 375,582,409</b>	<b>\$ 1,735,873,550</b>

NOTE: Appropriations for highway and transportation projects are not traditionally made through the biennial capital bill. Appropriations for these purposes were made through a separate transportation operations and construction bill in 2011.

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