

This section summarizes the revenue that is estimated to be received by the state in fiscal years 2008 and 2009. It is important to note that because all revenue that the state anticipates receiving in fiscal years 2008 and 2009 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 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.

Figure C-2, State-Only GRF Revenue Pie Chart: The federal revenue deposited in the General Revenue Fund is substantial. It's estimated to be \$11.6 billion during the fiscal year 2008-2009 biennium. But the inclusion of this federal revenue in the General Revenue Fund 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 General Revenue Fund revenues. To make this clear, this pie chart (labeled "State-Only GRF"), shows General Revenue Fund revenue by major revenue source excluding the federal reimbursements for General Revenue Fund spending that the state deposits into the General Revenue Fund. Approximately 93.7 percent of the state's non-federal General Revenue Fund 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. Except for the Department of Transportation, whose capital funding is historically appropriated on the same cycle as the main operating budget, no capital fund revenue has been assumed for fiscal year 2009, because the capital bill appropriates through fiscal year 2008 only. The General Revenue Fund provides about 44.3% of revenue used for all purposes. In order to create this pie chart the state's 48 budget fund groups have been grouped into the following fund types:

General Funds

General Revenue Fund
General Services Fund Group
Budget Stabilization Fund
Education Improvement Fund

Special Revenue Funds

Federal Special Revenue Fund Group
Highway Operating Fund Group
State Highway Safety Fund Group
Revenue Distribution Fund Group
Tobacco Settlement Fund Group
State Special Revenue Fund Group
Waterways Safety Fund Group
Wildlife Fund Group

Coal Research & Development Fund
Facilities Establishment Fund Group
School Building Assistance Fund Group
Lottery Profits Education Fund Group
Local Transportation Improvement Program Fund

Internal Service Funds

Intragovernmental Service Fund Group

Debt Service Funds

Debt Service Fund Group

Enterprise Funds

Workers' Compensation Fund Group
Liquor Control Fund Group
State Lottery Fund Group
Underground Parking Garage Fund
Auditor of State Fund Group

Agency Funds

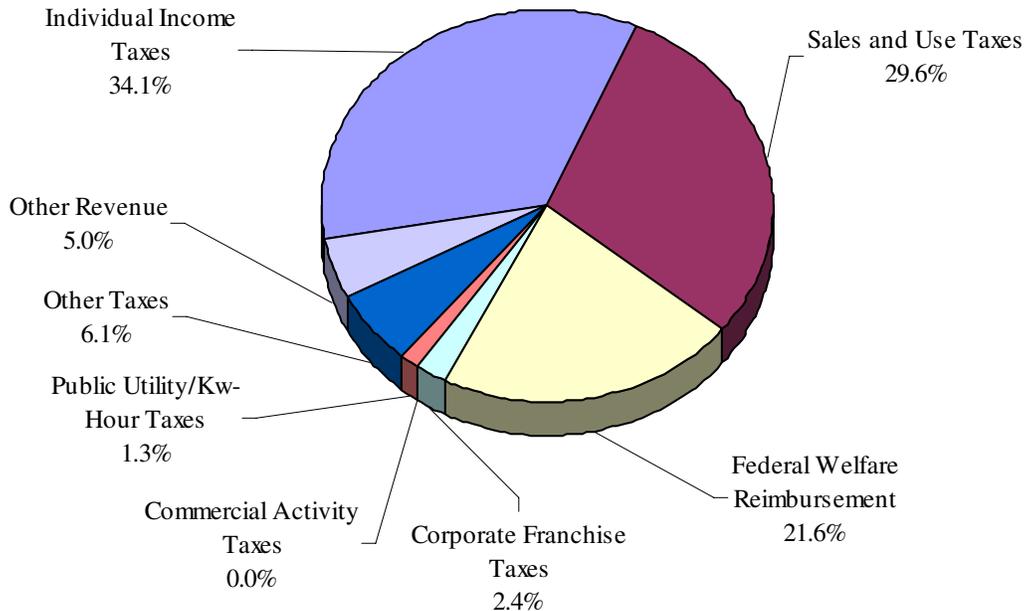
Accrued Leave Liability Fund Group
Agency Fund Group
Holding Account Redistribution Fund Group
Volunteer Fire Fighters' Dependents Fund

Capital Project Funds

Administrative Building Fund	Highway Safety Building Fund	Ohio Parks and Natural Resources Fund
Adult Correctional Building Fund	Infrastructure Bank Obligations Fund	Parks and Recreation Improvement Fund
Arts Facilities Building Fund	Juvenile Correctional Building Fund	Sports Facilities Building Fund
Higher Education Improvement Fund	Local Infrastructure Improvement Fund Group	Transportation Building Fund
Highway Capital Improvement Fund	Mental Health Facilities Improvement Fund	
Highway Obligations Construction Fund		

In this section (Section C) of the Executive Budget, in addition to revenue summary information, the reader will find summaries of historical and recommended spending, fund balances, and state personnel. The spending section begins on page C-6. The spending pie charts look at recommended spending in the same way the estimated revenue pie charts look at revenue: total GRF, state-only GRF, and all funds.

Figure C-1
Total GRF – Estimated Revenues for FYs 2008 and 2009



Estimated GRF Revenues (dollars in millions)

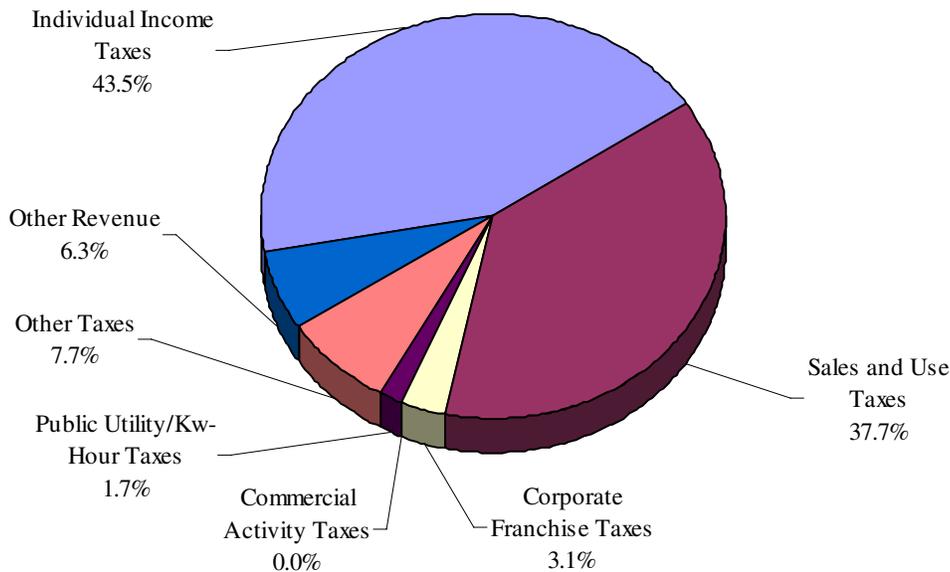
Revenue Source	FY 2008	FY 2009	Total
Individual Income Taxes	\$ 9,148.4	\$ 9,251.9	\$ 18,400.3
Sales and Use Taxes	\$ 7,839.3	\$ 8,109.5	\$ 15,948.8
Federal Grants & Reimbursement	\$ 5,604.6	\$ 6,030.7	\$ 11,635.3
Corporate Franchise Taxes	\$ 812.8	\$ 497.4	\$ 1,310.2
Commercial Activity Taxes	\$ -	\$ -	\$ -
Public Utility/Kw-Hour Taxes	\$ 405.2	\$ 314.1	\$ 719.3
Other Taxes	\$ 1,640.5	\$ 1,633.4	\$ 3,273.9
Other Revenue	\$ 1,292.4	\$ 1,390.4	\$ 2,682.8
Total	\$ 26,743.2	\$ 27,227.4	\$ 53,970.6

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, March 2007

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 General Revenue Fund.

Figure C-2
State-Only GRF – Estimated Revenues for FYs 2008 and 2009



Estimated State-Only GRF Revenues (dollars in millions)

Revenue Source	FY 2008	FY 2009	Total
Individual Income Taxes	\$ 9,148.4	\$ 9,251.9	\$ 18,400.3
Sales and Use Taxes	\$ 7,839.3	\$ 8,109.5	\$ 15,948.8
Corporate Franchise Taxes	\$ 812.8	\$ 497.4	\$ 1,310.2
Commercial Activity Taxes	\$ -	\$ -	\$ -
Public Utility/Kw-Hour Taxes	\$ 405.2	\$ 314.1	\$ 719.3
Other Taxes	\$ 1,640.5	\$ 1,633.4	\$ 3,273.9
Other Revenue	\$ 1,292.4	\$ 1,390.4	\$ 2,682.8
Total	\$ 21,138.6	\$ 21,196.7	\$ 42,335.3

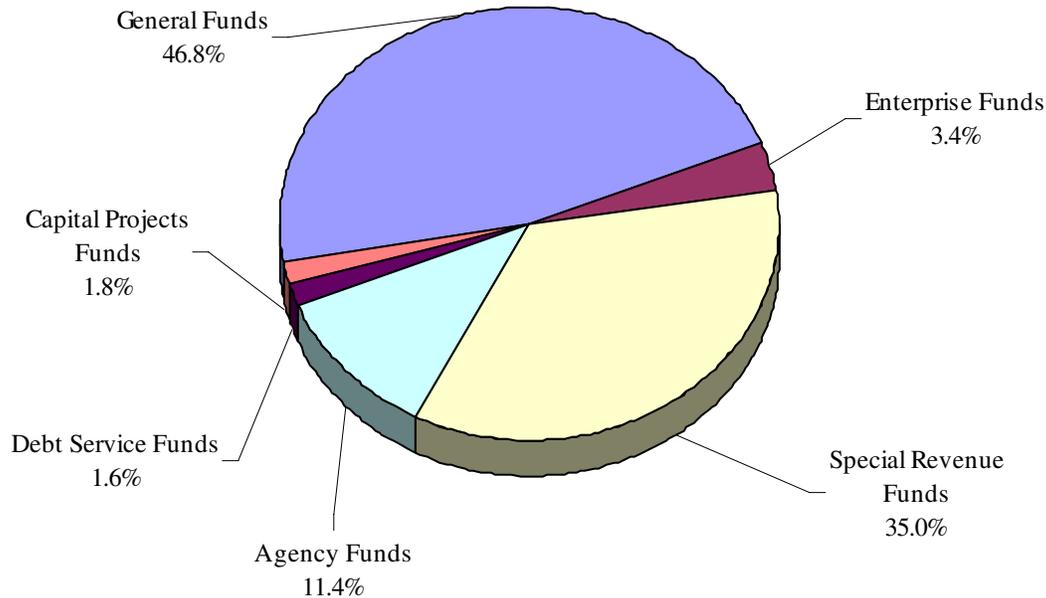
Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, March 2007

Please Note: These figures do not include \$11,638.6 million of estimated federal revenue (\$5,604.6 million in FY 2008 and \$6030.7 million in FY 2009) in the General Revenue Fund.

What This Chart Shows

This pie chart shows the proportional contribution that each revenue source, except federal reimbursements, makes toward the state’s General Revenue Fund. Approximately 93.7 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.

Figure C-3
All Funds – Estimated Revenues for FYs 2008 and 2009



All Funds Estimated Revenues (dollars in millions)

Revenue Source	FY 2008	FY 2009	Total
General Funds	\$ 28,213.5	\$ 28,751.9	\$ 56,965.4
Enterprise Funds	\$ 2,076.6	\$ 2,112.1	\$ 4,188.7
Special Revenue Funds	\$ 21,341.1	\$ 21,292.0	\$ 42,633.1
Agency Funds	\$ 6,862.2	\$ 7,084.2	\$ 13,946.4
Debt Service Funds	\$ 915.7	\$ 1,028.6	\$ 1,944.3
Capital Projects Funds	\$ 1,421.5	\$ 741.7	\$ 2,163.2
Total	\$ 60,830.6	\$ 61,010.5	\$ 121,841.1

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, March 2007

Please Note: Except for the Department of Transportation, whose capital funding is historically appropriated on the same cycle as the main operating budget, no capital fund revenue has been assumed for fiscal year 2009 because the capital bill appropriated for fiscal years 2007 and 2008.

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.

The charts and tables in this section summarize the spending recommended by Governor Strickland for the fiscal year 2008 and 2009 biennium. Two pie charts appear first, followed by a bar chart and two tables. The charts and tables are listed below with a brief description of what each one shows.

Figure C-4, Total GRF Appropriations Pie Chart: 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 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.

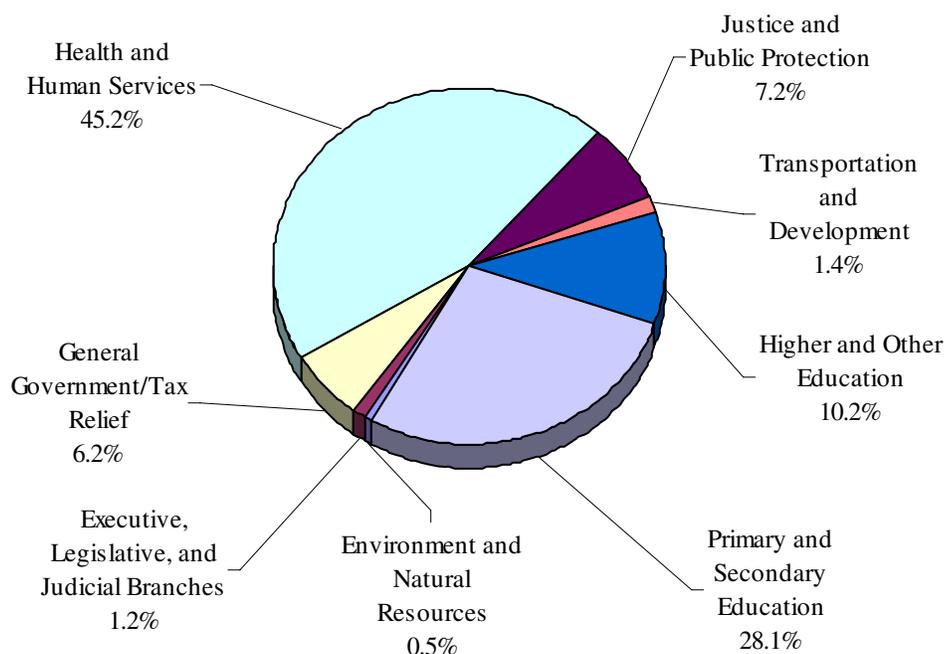
Figure C-5, State-Only GRF Appropriations Pie Chart: While tax revenue makes up the great majority of the GRF, the GRF also includes revenue that the state receives from the federal government as reimbursement for certain GRF expenditures. This “federal share” of GRF spending for these programs is substantial. It is estimated to be \$11.6 billion during the FY 2008-09 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.

Figure C-6, All Funds Appropriations Pie Chart: The third chart that summarizes recommended appropriations is Figure C-6. The “all funds” chart shows how all recommended operating budget appropriations for the FY 2008-09 biennium are split among the major spending categories by revenue source. Except for the Department of Transportation, whose capital funding is historically appropriated on the same cycle as the main operating budget, no capital fund spending has been assumed for fiscal year 2009.

Table C-1, Expense by Object Summary: This table shows actual (FYs 2004 to 2006) and estimated (FY 2007) spending and recommended appropriations (FYs 2008 and 2009) by major object of expense. This information is shown for the GRF and for all funds. Except for the Department of Transportation, whose capital funding is historically appropriated on the same cycle as the main operating budget, no capital fund spending has been assumed for fiscal year 2009.

Table C-2, GRF Expense by Category: This table shows actual (FY 2006) and estimated (FY 2007) spending and recommended appropriations (FYs 2008 and 2009) by major spending category.

Figure C-4
Total GRF – Recommended Appropriations for FYs 2008 and 2009



Recommended GRF Appropriations (dollars in millions)

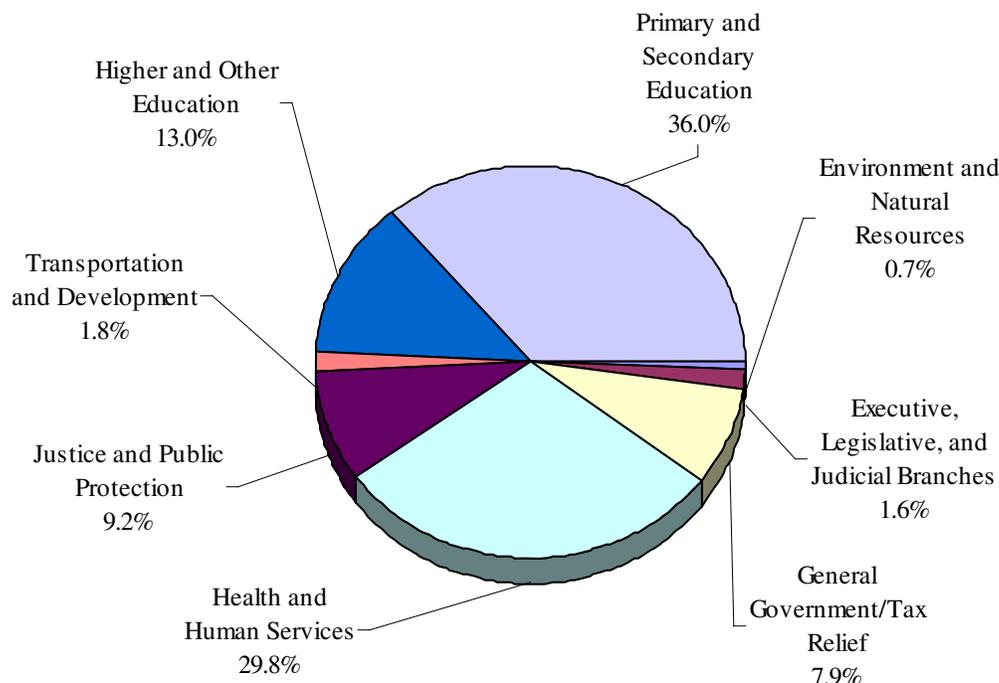
Function	FY 2008	FY 2009	Total
Environment and Natural Resources	\$ 138.1	\$ 138.9	\$ 276.9
Executive, Legislative, and Judicial Branches	\$ 318.4	\$ 328.5	\$ 646.9
General Government/Tax Relief	\$ 1,600.2	\$ 1,671.5	\$ 3,271.7
Health and Human Services	\$ 11,435.5	\$ 12,477.2	\$ 23,912.7
Justice and Public Protection	\$ 1,873.7	\$ 1,925.7	\$ 3,799.4
Transportation and Development	\$ 358.0	\$ 392.1	\$ 750.1
Higher and Other Education	\$ 2,689.6	\$ 2,688.9	\$ 5,378.5
Primary and Secondary Education	\$ 7,255.5	\$ 7,599.1	\$ 14,854.6
Total	\$ 25,668.9	\$ 27,221.9	\$ 52,890.9

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, March 2007

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 GRF is the state's largest single fund and it finances about one-half of all state government activities.

Figure C-5
State-Only GRF – Recommended Appropriations for FYs 2008 and 2009



Recommended State-Only GRF Appropriations (dollars in millions)

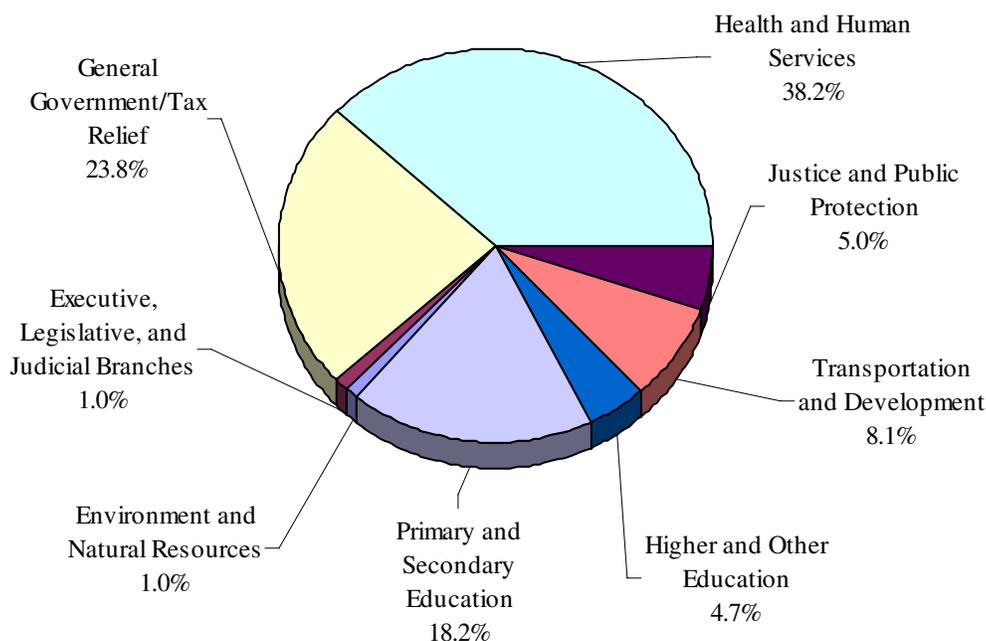
Function	FY 2008		FY 2009		Total
Environment and Natural Resources	\$	138.1	\$	138.9	\$ 276.9
Executive, Legislative, and Judicial Branches	\$	318.4	\$	328.5	\$ 646.9
General Government/Tax Relief	\$	1,600.2	\$	1,671.5	\$ 3,271.7
Health and Human Services	\$	5,965.7	\$	6,310.9	\$ 12,276.6
Justice and Public Protection	\$	1,873.7	\$	1,925.7	\$ 3,799.4
Transportation and Development	\$	358.0	\$	392.1	\$ 750.1
Higher and Other Education	\$	2,689.6	\$	2,688.9	\$ 5,378.5
Primary and Secondary Education	\$	7,255.5	\$	7,599.1	\$ 14,854.6
Total	\$	20,199.2	\$	21,055.6	\$ 41,254.7

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, March 2007

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 is not shown in order to give a truer picture of how state tax dollars are spent.

Figure C-6
All Funds – Recommended Appropriations for FYs 2008 and 2009



All Funds Recommended Appropriations (dollars in millions)

Function	FY 2008	FY 2009	Total
Environment and Natural Resources	\$ 558.8	\$ 565.3	\$ 1,124.1
Executive, Legislative, and Judicial Branches	\$ 577.6	\$ 589.7	\$ 1,167.4
General Government/Tax Relief	\$ 13,594.9	\$ 14,168.2	\$ 27,763.1
Health and Human Services	\$ 21,641.6	\$ 22,859.6	\$ 44,501.2
Justice and Public Protection	\$ 2,889.8	\$ 2,961.2	\$ 5,851.0
Transportation and Development	\$ 4,767.2	\$ 4,615.5	\$ 9,382.7
Higher and Other Education	\$ 2,733.8	\$ 2,733.1	\$ 5,466.9
Primary and Secondary Education	\$ 10,396.3	\$ 10,792.8	\$ 21,189.2
Total	\$ 57,160.2	\$ 59,285.5	\$ 116,445.7

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, March 2007

What This Chart Shows

This pie chart shows how the total state operating budget is split among the major functions of state government. The General Government function is a much larger share of the all funds pie chart than it is of the GRF pie chart because about \$10.6 billion over the biennium that is appropriated from revenue distribution funds is included in this category. For more information about these funds, see the Revenue Distribution Fund narrative in section E.

Table C-1 (continued on next page)
Expense by Object Summary, Fiscal Years 2004 to 2009
Dollars in Millions

	FY 2004	% of	FY 2005	% of	FY 2006	% of
	Actual	Total	Actual	Total	Actual	Total
General Revenue Fund						
Personal Service	\$ 1,856.8	7.8%	\$ 1,879.6	7.6%	\$ 1,878.1	7.6%
Purchased Personal Services	\$ 250.8	1.1%	\$ 263.8	1.1%	\$ 298.3	1.2%
Maintenance	\$ 504.8	2.1%	\$ 516.7	2.1%	\$ 569.9	2.3%
Equipment	\$ 44.3	0.2%	\$ 39.8	0.2%	\$ 59.5	0.2%
Total Operating	\$ 2,656.7	11.1%	\$ 2,699.9	10.9%	\$ 2,805.8	11.3%
Subsidy	\$ 20,176.9	84.6%	\$ 21,008.3	84.6%	\$ 20,880.7	84.0%
Goods for Resale	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Capital	\$ 1.5	0.0%	\$ 1.3	0.0%	\$ 0.8	0.0%
Transfers	\$ 1,003.8	4.2%	\$ 1,121.3	4.5%	\$ 1,179.2	4.7%
Total Expense	\$ 23,838.9	100.0%	\$ 24,830.9	100.0%	\$ 24,866.5	100.0%
All Funds						
Personal Service	\$ 4,323.1	9.0%	\$ 4,291.9	8.5%	\$ 4,794.7	9.0%
Purchased Personal Services	\$ 537.7	1.1%	\$ 650.0	1.3%	\$ 739.8	1.4%
Maintenance	\$ 1,303.5	2.7%	\$ 1,345.6	2.7%	\$ 1,435.1	2.7%
Equipment	\$ 181.5	0.4%	\$ 218.7	0.4%	\$ 314.7	0.6%
Total Operating	\$ 6,345.7	13.2%	\$ 6,506.2	12.8%	\$ 7,284.2	13.6%
Subsidy	\$ 29,845.6	62.0%	\$ 31,347.7	61.9%	\$ 32,274.4	60.4%
Goods for Resale	\$ 413.2	0.9%	\$ 428.9	0.8%	\$ 471.9	0.9%
Capital	\$ 2,774.3	5.8%	\$ 2,904.1	5.7%	\$ 3,222.7	6.0%
Transfers	\$ 8,774.6	18.2%	\$ 9,477.8	18.7%	\$ 10,191.0	19.1%
Total Expense	48,153.3	1.0	50,664.8	1.0	53,444.2	1.0

Note: Figures may not add to total due to rounding

Source: Ohio Office of Budget and Management, March 2007

Table C-1 (continued from previous page)
Expense by Object Summary, Fiscal Years 2004 to 2009
Dollars in Millions

	FY 2007 Estimate	% of Total	Recommended			
			FY 2008	% of Total	FY 2009	% of Total
General Revenue Fund						
Personal Service	\$ 1,980.6	7.6%	\$ 2,064.1	8.0%	\$ 2,144.8	7.9%
Purchased Personal Services	\$ 321.1	1.2%	\$ 341.6	1.3%	\$ 338.1	1.2%
Maintenance	\$ 628.4	2.4%	\$ 571.9	2.2%	\$ 568.2	2.1%
Equipment	\$ 39.4	0.2%	\$ 39.1	0.2%	\$ 38.4	0.1%
Total Operating	\$ 2,969.5	11.4%	\$ 3,016.7	11.8%	\$ 3,089.5	11.3%
Subsidy	\$ 21,753.5	83.4%	\$ 21,285.4	82.9%	\$ 22,740.8	83.5%
Goods for Resale	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Capital	\$ 1.7	0.0%	\$ 2.7	0.0%	\$ 2.7	0.0%
Transfers	\$ 1,357.5	5.2%	\$ 1,364.2	5.3%	\$ 1,388.9	5.1%
Total Expense	\$ 26,082.2	100.0%	\$ 25,669.0	100.0%	\$ 27,221.9	100.0%
All Funds						
Personal Service	\$ 4,841.9	8.4%	\$ 5,003.6	8.6%	\$ 5,197.3	8.8%
Purchased Personal Services	\$ 971.3	1.7%	\$ 1,034.4	1.8%	\$ 993.7	1.7%
Maintenance	\$ 1,685.8	2.9%	\$ 1,620.2	2.8%	\$ 1,640.9	2.8%
Equipment	\$ 247.6	0.4%	\$ 224.1	0.4%	\$ 204.2	0.3%
Total Operating	\$ 7,746.6	13.4%	\$ 7,882.2	13.5%	\$ 8,036.1	13.6%
Subsidy	\$ 34,565.8	59.7%	\$ 37,419.7	64.2%	\$ 39,317.5	66.3%
Goods for Resale	\$ 478.6	0.8%	\$ 526.4	0.9%	\$ 564.8	1.0%
Capital	\$ 3,536.6	6.1%	\$ 3,624.1	6.2%	\$ 2,260.1	3.8%
Transfers	\$ 11,555.9	20.0%	\$ 8,871.9	15.2%	\$ 9,107.0	15.4%
Total Expense	\$ 57,883.5	100.0%	\$ 58,324.4	100.0%	\$ 59,285.5	100.0%

Note: Figures may not add to total due to rounding

Source: Ohio Office of Budget and Management, March 2007

Table C-2
State-Only GRF Spending and Revenue Forecast
Fiscal Years 2007 to 2011
Dollars in Millions

Function	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Environment and Natural Resources	\$ 141.5	\$ 138.1	\$ 138.9	\$ 141.6	\$ 144.5
Executive, Legislative, and Judicial Branches	\$ 309.8	\$ 318.4	\$ 328.5	\$ 336.7	\$ 345.1
General Government/Tax Relief	\$ 1,559.2	\$ 1,600.2	\$ 1,671.5	\$ 1,721.7	\$ 1,773.3
Health and Human Services	\$ 6,312.4	\$ 5,965.7	\$ 6,310.9	\$ 6,563.3	\$ 6,825.9
Justice and Public Protection	\$ 1,836.3	\$ 1,873.7	\$ 1,925.7	\$ 1,945.0	\$ 1,964.5
Transportation and Development	\$ 338.5	\$ 358.0	\$ 392.1	\$ 396.0	\$ 399.9
Higher and Other Education	\$ 2,589.5	\$ 2,689.6	\$ 2,688.9	\$ 2,756.2	\$ 2,825.1
Primary and Secondary Education	\$ 7,159.2	\$ 7,255.5	\$ 7,599.1	\$ 7,751.0	\$ 7,906.1
Total	\$ 20,246.4	\$ 20,199.2	\$ 21,055.6	\$ 21,611.5	\$ 22,184.3

Revenue Source	FY07	FY08	FY09	FY10	FY11
Individual Income Taxes	\$ 8,790.0	\$ 9,148.4	\$ 9,251.9	\$ 9,572.0	\$ 10,029.6
Sales and Use Taxes	\$ 7,470.0	\$ 7,839.3	\$ 8,109.5	\$ 8,395.9	\$ 8,691.0
Corporate Franchise Taxes	\$ 1,055.0	\$ 812.8	\$ 497.4	\$ 165.0	\$ 165.0
Commercial Activity Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Public Utility/Kw-Hour Taxes	\$ 500.0	\$ 405.2	\$ 314.1	\$ 316.1	\$ 310.0
Other Taxes	\$ 1,617.3	\$ 1,640.5	\$ 1,633.4	\$ 1,634.8	\$ 1,626.9
Other Revenue	\$ 929.0	\$ 1,292.4	\$ 1,390.4	\$ 1,577.7	\$ 1,514.3
Total	\$ 20,361.3	\$ 21,138.6	\$ 21,196.7	\$ 21,661.5	\$ 22,336.8

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, March 2007

Fund Balance Summaries Overview

The purpose of this section is to summarize the state's estimated ending fund balances for fiscal years 2008 and 2009. For the state's General Revenue Fund and Budget Stabilization Fund, the planned fund balances for these two funds are shown, in Table C-3 and Figure C-7, in the context of a 10-year history of ending balances. Fund balance calculations for fiscal years 2008 and 2009 are shown in Table C-4 for the state's General Revenue Fund 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 1,000 funds that are active in the central accounting system as of March 2007. Each of these funds is assigned to one of 43 budget fund groups. For financial reporting purposes, each of the 43 fund groups is assigned to one of seven fund types. The state's seven fund types are as follows: General Funds, Enterprise Funds, Special Revenue Funds, Internal Service Funds, Agency Funds, Debt Service Funds, and Capital Projects Funds. The relationship between the seven fund types and the 48 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 on Table C-4 are described below.

Fund Type: General Funds: Fund balance calculations are shown for the General Revenue Fund (which is the only fund in the General Revenue Fund Group) and the General Services Budget Fund Group. A fund balance calculation is also shown for All Other General Funds.

Fund Type: Enterprise Funds: Fund balance calculations are shown for each of the four enterprise fund groups: Workers' Compensation Fund Group, Liquor Control Fund Group, State Lottery Fund Group, Underground Parking Garage Fund, and the Auditor of State Fund Group.

Fund Type: Special Revenue Funds: Fund balance calculations are shown for these special revenue fund groups: Federal Special Revenue Fund Group, Highway Operating Fund Group, State Highway Safety Fund Group, Revenue Distribution Fund Group, State Special Revenue Fund Group, Waterways Safety Fund Group, and the Wildlife Fund Group. A calculation is also shown for All Other Special Revenue Fund Groups.

Fund Type: Internal Service Funds: A fund balance calculation is shown for the Internal Service Fund Group.

Fund Type: Agency Funds: A fund balance calculation is shown for the Agency Fund Group.

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

Fund Type: Capital Projects Funds: A fund balance calculation is shown for the Capital Projects Fund Group. Except for the Department of Transportation, whose capital funding is historically appropriated on the same cycle as the main operating budget, no capital fund revenue or spending has been assumed for fiscal year 2009, because the capital bill appropriates only through fiscal year 2008.

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

The GRF fund 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 FYs 2008 and 2009 will provide an ending fund balance of 0.5% of the previous year annual GRF revenue, each year, as Table C-3 and Figure C-7 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 Table C-3 and Figure C-7, 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 most recent recession. However, the State was forced to use the BSF in the fiscal year 2002-2003 biennia to offset declines in revenue growth and the large increases in Medicaid expenditures that resulted from that recession. Since the end of fiscal year 2005, the State has been able to replenish the balance of the BSF to the point at which it now sits. This Executive Recommendation includes a transfer of \$26.1 million to the BSF at the end of fiscal year 2009.

Table C-3
History of Ending Fund Balances for the General Revenue Fund
and the Budget Stabilization Fund, FYs 2000 to 2009
Dollars in millions

Date	Ending Balance	% of GRF Revenues	Ending Balance	% of GRF Revenues
Est. 6/30/09	\$ 136.1	0.5%	\$ 1,038.4	3.8%
Est. 6/30/08	\$ 733.8	2.7%	\$ 1,012.3	3.8%
Est. 6/30/07	\$ 130.0	0.5%	\$ 1,012.3	3.9%
6/30/2006	\$ 632.0	2.4%	\$ 1,012.3	3.9%
6/30/2005	\$ 138.4	0.5%	\$ 574.9	2.3%
6/30/2004	\$ 157.5	0.7%	\$ 180.7	0.8%
6/30/2003	\$ 52.3	0.2%	\$ 180.7	0.8%
6/30/2002	\$ 108.3	0.5%	\$ 427.6	2.0%
6/30/2001	\$ 206.5	1.0%	\$ 1,010.6	4.7%
6/30/2000	\$ 196.1	1.0%	\$ 1,002.5	5.0%

Source: Ohio Office of Budget and Management, March 2007

Figure C-7
GRF and BSF Ending Balances as a Share of Annual GRF Revenues
FYs 2000 to 2009

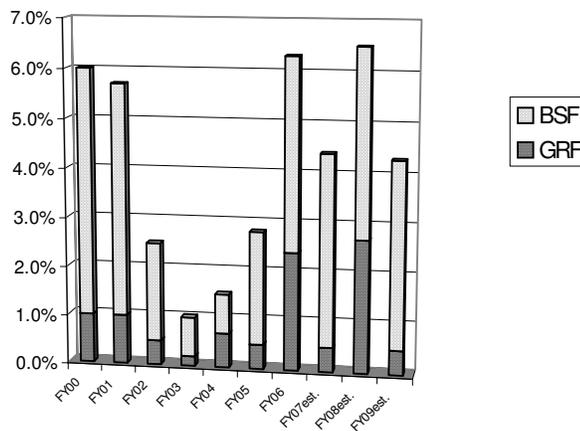


Table C-4
Fund Balance Calculations by GAAP Fund Type and Budget Fund Group for FYs 2008 and 2009
(Dollars in Millions)

	General Funds			Enterprise Funds			
	GENERAL REVENUE	GENERAL SERVICES	OTHER GENERAL FUNDS	WORKERS' COMPENSATION	LIQUOR CONTROL	STATE LOTTERY	UNDERGROUND PARKING GARAGE
FY 2008 est. Beginning Balance	130.0	450.7	616.7	6.9	21.5	370.2	.5
Estimated Revenues							
Taxes	19,846.2	.5	.0	.0	.0	.0	.0
Federal Grants	5,604.6	67.3	.0	.0	.0	.0	.0
Licenses and Fees	76.0	94.2	.0	.0	1.1	.1	2.0
Other Income and Transfers	1,216.4	1,308.3	.0	392.0	652.6	981.8	.7
Total Resources Available	26,873.2	1,921.0	616.7	398.9	675.2	1,352.0	3.2
Proposed Expenditures							
Education	9,918.3	41.4	.0	.0	.0	.0	.0
Health and Human Services	11,435.5	693.8	.0	389.2	.0	.0	.0
Public Safety and Protection	1,873.7	202.4	.0	.0	11.4	.0	.0
General Govt and Tax Relief	1,614.8	409.2	.0	.0	503.5	418.7	2.7
Transportation and Development	356.7	26.5	.0	.0	.0	.0	.0
Environment and Natural Resources	138.1	46.5	.0	.0	.0	.0	.0
Executive, Legislative and Judicial	321.7	60.7	.0	.0	.0	.0	.0
Other Spending and Transfers	472.8	18.0	.0	.0	135.5	663.9	.0
Total Proposed Expenditures	26,131.6	1,498.6	.0	389.2	650.4	1,082.6	2.7
FY 2008 est. Ending Balance	741.7	422.4	616.7	9.7	24.8	269.4	.5
FY 2009 est. Beginning Balance	741.7	419.1	616.7	9.7	24.8	269.4	.5
Estimated Revenues							
Taxes	19,806.3	.5	.0	.0	.0	.0	.0
Federal Grants	6,030.7	67.6	.0	.0	.0	.0	.0
Licenses and Fees	76.0	110.5	.0	.0	1.1	.1	2.0
Other Income and Transfers	1,314.4	1,346.0	.0	396.4	688.9	975.7	.8
Total Resources Available	27,969.1	1,943.6	616.7	406.1	714.8	1,245.1	3.2
Proposed Expenditures							
Education	10,261.2	41.8	.0	.0	.0	.0	.0
Health and Human Services	12,477.2	694.3	.0	389.4	.0	.0	.0
Public Safety and Protection	1,925.7	208.4	.0	.0	11.5	.0	.0
General Govt and Tax Relief	1,686.1	422.3	.0	.0	535.4	420.5	2.7
Transportation and Development	383.4	42.5	.0	.0	.0	.0	.0
Environment and Natural Resources	138.9	47.5	.0	.0	.0	.0	.0
Executive, Legislative and Judicial	331.8	61.0	.0	.0	.0	.0	.0
Other Spending and Transfers	628.6	9.9	.0	.0	138.5	657.9	.0
Total Proposed Expenditures	27,832.9	1,527.7	.0	389.4	685.4	1,078.4	2.7
FY 2009 est. Ending Balance	136.1	415.9	616.7	16.7	29.3	166.7	.5

Table C-4 (Continued)
Fund Balance Calculations by GAAP Fund Type and Budget Fund Group for FYs 2008 and 2009
(Dollars in Millions)

	Enterprise Funds (Continued)	Special Revenue Funds					
	AUDITOR OF STATE	FEDERAL SPECIAL REVENUE	HIGHWAY OPERATING	STATE HIGHWAY SAFETY	REVENUE DISTRIBUTION	STATE SPECIAL REVENUE	WATERWAYS SAFETY
FY 2008 est. Beginning Balance	6.6	227.7	1,611.3	245.1	-121.5	806.5	6.4
Estimated Revenues							
Taxes	.0	.0	697.4	1.1	3,400.5	92.7	15.8
Federal Grants	.0	8,746.7	1,210.3	17.6	.0	12.3	5.4
Licenses and Fees	3.1	127.8	71.1	322.2	567.8	1,197.7	5.5
Other Income and Transfers	43.3	1,562.1	660.3	126.3	152.7	629.1	1.9
Total Resources Available	53.0	10,664.3	4,250.4	712.3	3,999.4	2,738.3	35.0
Proposed Expenditures							
Education	.0	1,697.8	.0	.0	702.7	66.6	.0
Health and Human Services	.0	8,044.5	.0	.0	.0	947.0	.0
Public Safety and Protection	.0	235.4	.0	510.4	.0	52.8	.0
General Govt and Tax Relief	.0	11.7	.0	.0	2,773.8	206.3	.0
Transportation and Development	.0	372.6	2,547.0	.0	.0	384.0	.0
Environment and Natural Resources	.0	64.3	.0	.0	.0	209.6	25.7
Executive, Legislative and Judicial	47.5	33.6	.0	.0	.0	84.6	.0
Other Spending and Transfers	.0	2.1	219.2	34.0	860.2	10.1	.0
Total Proposed Expenditures	47.5	10,461.8	2,766.2	544.4	4,336.7	1,961.0	25.7
FY 2008 est. Ending Balance	5.5	202.5	1,484.2	167.9	-337.3	777.3	9.3
FY 2009 est. Beginning Balance	5.5	201.9	1,484.2	167.9	-337.3	777.0	9.3
Estimated Revenues							
Taxes	.0	.0	692.4	1.1	4,060.8	91.6	15.9
Federal Grants	.0	8,647.1	1,210.0	17.7	.0	12.3	5.4
Licenses and Fees	3.1	128.9	71.7	328.5	592.8	1,181.0	5.5
Other Income and Transfers	44.1	1,634.2	666.9	125.7	152.7	630.9	1.7
Total Resources Available	52.8	10,612.1	4,125.1	641.0	4,468.9	2,692.9	37.7
Proposed Expenditures							
Education	.0	1,603.3	.0	.0	854.4	66.8	.0
Health and Human Services	.0	8,222.9	.0	.0	.0	944.0	.0
Public Safety and Protection	.0	241.9	.0	516.9	.0	53.0	.0
General Govt and Tax Relief	.0	13.4	.0	.0	2,937.4	195.5	.0
Transportation and Development	.0	342.7	2,551.3	.0	.0	379.3	.0
Environment and Natural Resources	.0	63.7	.0	.0	.0	213.0	26.4
Executive, Legislative and Judicial	48.5	34.1	.0	.0	.0	84.7	.0
Other Spending and Transfers	.0	.0	239.2	35.1	870.2	9.9	.0
Total Proposed Expenditures	48.5	10,522.0	2,790.5	552.0	4,662.0	1,946.2	26.4
FY 2009 est. Ending Balance	4.3	90.2	1,334.7	89.0	-193.1	746.7	11.4

Table C-4 (Continued)
Fund Balance Calculations by GAAP Fund Type and Budget Fund Group for FYs 2008 and 2009
(Dollars in Millions)

	Special Revenue Funds (Continued)		INTERNAL SERVICE FUNDS	AGENCY FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
	WILDLIFE	OTHER SPECIAL REVENUE				
FY 2008 est. Beginning Balance	18.0	735.7	.0	418.2	21.6	957.2
Estimated Revenues						
Taxes	.0	.0	.0	3,752.4	.0	.0
Federal Grants	16.7	.0	.0	.0	.0	.0
Licenses and Fees	35.7	.1	.0	3.3	.0	.0
Other Income and Transfers	5.2	1,659.1	.0	3,109.1	915.6	1,184.4
Total Resources Available	75.5	2,395.0	.0	7,283.0	937.2	2,141.5
Proposed Expenditures						
Education	.0	672.9	.0	.0	.0	.0
Health and Human Services	.0	.0	.0	131.7	.0	.0
Public Safety and Protection	.0	.0	.0	3.7	.0	.0
General Govt and Tax Relief	.0	.0	.0	6,753.4	915.2	.0
Transportation and Development	.0	292.3	.0	.0	.0	650.9
Environment and Natural Resources	61.4	10.0	.0	2.9	.0	.0
Executive, Legislative and Judicial	.0	.0	.0	32.9	.0	.0
Other Spending and Transfers	.0	641.4	.0	.1	.0	495.0
Total Proposed Expenditures	61.4	1,616.6	.0	6,924.6	915.2	1,145.9
FY 2008 est. Ending Balance	14.0	778.4	.0	358.4	22.1	995.6
FY 2009 est. Beginning Balance	14.0	778.4	.0	348.6	22.1	995.6
Estimated Revenues						
Taxes	.0	.0	.0	3,842.8	.0	.0
Federal Grants	14.1	.0	.0	.0	.0	.0
Licenses and Fees	35.7	.1	.0	1.4	.0	.0
Other Income and Transfers	5.2	962.2	.0	3,242.5	1,028.7	654.9
Total Resources Available	68.9	1,740.7	.0	7,435.2	1,050.7	1,650.5
Proposed Expenditures						
Education	.0	667.9	.0	.0	.0	.0
Health and Human Services	.0	.0	.0	131.7	.0	.0
Public Safety and Protection	.0	.0	.0	3.7	.0	.0
General Govt and Tax Relief	.0	.0	.0	6,935.4	1,033.9	.0
Transportation and Development	.0	292.3	.0	.0	.0	500.9
Environment and Natural Resources	62.6	10.0	.0	2.9	.0	.0
Executive, Legislative and Judicial	.0	.0	.0	32.9	.0	.0
Other Spending and Transfers	.0	11.8	.0	.0	.0	.0
Total Proposed Expenditures	62.6	982.0	.0	7,106.7	1,033.9	500.9
FY 2009 est. Ending Balance	6.3	758.7	.0	328.5	16.8	1,149.6

Summaries of Budget Information

Capital Improvements and Long-Term Financing

Capital Budgeting Process

In even-numbered years the state performs a separate budgeting process for capital expenditures – the construction or rehabilitation of buildings and other structures and the acquisition of real estate (or interest therein), equipment and furnishings. 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 various state agencies and local communities. As with virtually all budget processes, the demand for resources exceeds their availability. The capital budgeting process attempts to balance the needs of different agencies and communities and structures 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. 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. This projection involves consideration of a number of factors. Projections of the possible level of capital appropriations from non-debt sources reflect available cash, projected revenues, and competing uses for those funds. OBM projects the amount of debt-supported appropriations that can be authorized by considering such factors as the amount of debt already issued by the state, the amount of debt authorized but not yet issued, the existing debt's maturity schedule, the projected level of the state revenue(s) pledged to repay the debt, and projected interest rates. Determinations regarding the amount of General Revenue Fund (GRF) debt-supported appropriations that may be authorized in the capital budget are also subject to a 1999 constitutional amendment under which additional state obligations payable from the GRF or net state lottery proceeds (with certain exceptions) may not be issued if future fiscal year debt service on those new and the already outstanding obligations would exceed 5 percent of the total estimated GRF revenues plus net state lottery proceeds during the fiscal year of issuance. The director of OBM is authorized to make those determinations.

The Office of Budget and Management works with the Governor and the legislature 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 legislature for the same review and process described in the discussion of the operating bill.

Current Capital Appropriations

In December 2006, the state appropriated \$1.77 billion in capital projects in H.B. 699 of the 126th General Assembly for the fiscal year 2007-2008 biennium. The 126th General Assembly also made additional capital appropriations of \$1.69 billion during the 2007-2008 biennium, bringing the new capital appropriations (GRF and non-GRF) total for the biennium to \$3.46 billion. Of that amount, \$2.44 billion will be funded by the issuance of bonds backed by the GRF. Capital appropriations made from various non-GRF sources effective for the fiscal year 2007-2008 capital biennium total \$1.02 billion and include appropriations from, among others, the public school building fund, the highway safety fund, the clean Ohio revitalization fund, and the waterways safety fund.

The majority of capital appropriations for the 2008-2009 capital biennium (\$2.01 billion) were made to the School Facilities Commission and funded by a combination of GRF-backed debt (\$1.13 billion), tobacco settlement receipts (\$648.5 million), and cash transfers (\$238.6 million). This appropriation continues the state's commitment to partner with local school districts to provide the necessary educational facilities that Ohio's public school students must have to succeed. The Board of Regents received appropriations totaling \$532.1 million to address the facility needs of Ohio's higher education institutions. Other new capital appropriations made during 2007-2008 capital biennium included \$240 million provided to the Public Works Commission for the financing of capital improvement projects of local subdivisions of the state and \$100 million was provided to the Department of Development for the Third Frontier Program.

Capital Improvements and Long-Term Financing

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 created by the issuance of bonds or notes to finance major capital projects. The section titled "Overview of Capital Financing" provides information on state capital financing purposes that will require approximately \$3.49 billion for debt service in the 2008-2009 biennium. This includes \$2.60 billion to be paid from the GRF.

The capital budget also relates to the operating budget in other ways. Projects that lead to an expansion of space and service levels generally will require additional employees to provide services and maintain that space. As a result, agencies that receive capital appropriations may experience increases in their operating budgets once a project has been completed. For example, the Department of Rehabilitation and Correction received a capital appropriation in the 2007-2008 capital biennium to construct a new community based correctional facility in Cuyahoga County. When complete, the operation of the facility will be funded with a subsidy from the department requiring an increase in its operating budget. Some projects may lead to a decrease in appropriation. The Ohio Administrative Knowledge System, an enterprise resource planning system, is expected to increase efficiency among State agencies which when fully implemented will result in lower appropriations.

Overview of Capital Financing

Ohio began major capital construction programs for highway and non-highway capital projects after constitutional amendments were passed by the voters starting in 1953. These capital programs 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. The projects have been financed largely by the issuance of bonds that are retired over a period of years (currently ranging from 7 to 20 years) because the cost of such projects could not be funded from current revenues. This financing method allows payments of the capital costs to be spread over the useful life of the facilities.

Capital improvements are financed by issuing several types of obligations, including general obligation bonds, special obligation bonds (lease-rental and revenue bonds), economic development bonds, certificates of participation, and by using current revenues.

General Obligation Bonds

Since 1953, many capital improvements have been financed through the issuance of general obligation bonds, which are backed by the state's full faith and credit. General obligation bonds are issued by the Ohio Public Facilities Commission and by the Treasurer of State. Unless expressly exempted, state revenues from almost all 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 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 before it can be issued.

Ohio Public Facilities Commission. The Ohio Public Facilities Commission issues general obligation bonds for the following capital improvements: primary and secondary education, higher education, natural resources, coal research and development, conservation projects, infrastructure improvement, Third Frontier research and development, and job-ready site development. Each of these currently authorized programs is described below.

Primary and Secondary Education. A 1999 constitutional amendment authorizes general obligation debt, in amounts authorized by the legislature, to be issued to pay the costs of capital facilities for a system of common schools throughout the state. The amount of authorized debt is determined in each capital bill. 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 (excluding highway user receipts) of the state are pledged to retire this debt.

Summaries of Budget Information

Capital Improvements and Long-Term Financing

Higher Education. That same 1999 constitutional amendment authorizes general obligation debt, in amounts authorized by the legislature, to be issued to pay the cost of capital facilities for state-supported and state-assisted institutions of higher education. The amount of authorized debt is determined in each capital bill. There is no constitutional limit on the amount of debt that can be outstanding at any time. The full faith and credit, revenue (excluding net state lottery proceeds), and taxing power (excluding 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 (excluding net state lottery proceeds), and taxing power (excluding 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 the state, or to 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 (excluding net state lottery proceeds), and taxing power (excluding highway user receipts) of the state are pledged to retire this debt.

Conservation. A 2000 constitutional amendment authorizes \$200 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. Additional debt may be issued as outstanding debt is retired, provided that not more than \$200 million is outstanding at any time. The full faith and credit, revenue (excluding net state lottery proceeds), and taxing power (excluding highway user receipts) of the state are pledged to retire this debt.

Infrastructure Improvements. A 1995 constitutional amendment authorizes the issuance of up to \$1.2 billion of general obligation debt to finance or assist the financing of public infrastructure capital improvements of municipal corporations, counties, townships, and other government entities as designated by law. No more than \$120 million may be issued in any fiscal year. A 2005 constitutional amendment authorizes an additional \$1.35 billion of general obligation debt as a ten-year extension of this program, with an increase in the annual issuance amount in the last five-years from \$120 million to \$150 million. The full faith and credit, revenue (excluding net state lottery proceeds), and taxing power of the state (excluding highway user receipts) are pledged to retire this debt.

Third Frontier Research and Development. A 2005 constitutional amendment authorizes the issuance of \$500,000,000 of general obligation debt in support of Ohio industry, commerce and business. Not more than \$100,000,000 may be issued in each of the first three fiscal years and not more than \$50,000,000 in any other fiscal year. The full faith and credit, revenue (excluding net state lottery proceeds), and taxing power (excluding highway user receipts) of the state are pledged to retire this debt.

Site Development. A 2005 constitutional amendment authorizes the issuance of \$150,000,000 of general obligation debt for the development of sites for industry, commerce, distribution, and research and development. Not more than \$30,000,000 may be issued in each of the first three fiscal years and not more than \$15,000,000 in any other fiscal year. The full faith and credit, revenue (excluding net state lottery proceeds), and taxing power (excluding highway user receipts) of the state are pledged to retire this debt.

Summaries of Budget Information

Capital Improvements and Long-Term Financing

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

Highway (Capital Improvements). A 1995 constitutional amendment authorizes the issuance of general obligation debt for highway construction. The amendment provides that as debt is retired, additional debt may be issued without voter approval as 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. The primary sources of revenue to pay the debt service on these general obligations are highway user receipts (including the motor vehicle fuel tax).

The following table provides summary information for the state's general obligation bonds as of June 30, 2006 (\$ in thousands).

Purpose	Fiscal Years Issued	Amount Issued(a)	Maturing through Fiscal Year	Outstanding Balance
Infrastructure Improvements	1990-06	\$2,159,986	2026	\$1,313,733(b)
Coal Research and Development	1992-04	150,000	2013	35,930
Natural Resources	1995-05	265,000	2020	161,975
Highway Capital Improvements	1997-06	1,615,000	2015	831,000
Higher Education Facilities	2000-06	1,850,000	2026	1,594,090
Common School Facilities	2000-06	2,790,000	2026	2,507,245(c)
Conservation Projects	2002-06	150,000	2020	133,460
Third Frontier R&D	--	-0-	--	-0-
Site Development	--	-0-	--	-0-
Total				\$6,577,433

(a) The amount of bonds issued for refunding purposes is excluded in determining the amount issued.

(b) Includes \$283,615,000 in adjustable rate bonds.

(c) Includes \$458,650,000 in adjustable rate bonds.

Special Obligation Lease-Rental Bonds

Until recent years, most of the state's capital projects had been funded via lease-rental bonds. These bonds constitute a special type of bonded debt because the lease-rental payments are made from biennial GRF appropriations in the state's operating budget. Current state issuers of lease-rental bonds are:

Ohio Building Authority. As authorized by the Constitution and the legislature, the Ohio Building Authority issues lease-rental bonds to finance the capital costs of certain state facilities, including office buildings (some shared by local governments), adult and juvenile corrections, local jails, transportation and public safety, and workers' compensation. Debt service on these bonds is paid from GRF lease-rental appropriations, except for (i) highway transportation building and public safety facilities which are retired by payments from the Highway Operating Fund and State Highway Safety Fund, and (ii) workers' compensation facilities which are retired by payments from the Bureau of Workers' Compensation Administrative Fund.

Treasurer of State. As authorized by the Constitution and the legislature, the Treasurer of State issues lease-rental bonds to finance capital facilities for higher education, elementary and secondary education, mental health and mental retardation, parks and recreation facilities, and for cultural and sports facilities. The higher education and elementary and secondary education lease-rental bond programs are no longer active, except to refund bonds previously issued.

Summaries of Budget Information

Capital Improvements and Long-Term Financing

The following table presents summary information for the state's lease-rental bonds as of June 30, 2006 (\$ in thousands).

Issuer / Purpose	Fiscal Years Issued	Amount Issued(a)	Maturing through Fiscal Year	Outstanding Balance
Ohio Building Authority				
Prison Facilities	1986-05	\$1,734,500	2025	\$ 801,820
Juvenile Facilities	1993-06	247,000	2019	165,130
Administrative Service Facilities	1992-06	1,448,300	2025	790,245
Natural Resource Facilities	1988	12,160	2009	3,030
Transportation Facilities(b)	1993-06	155,800	2011	28,285
Public Safety Facilities(b)	1995-05	138,600	2021	77,390
Workers' Compensation(b)	1993-03	214,255	2014	124,010
Treasurer				
Higher Education Facilities	1992-99	4,817,590	2014	798,940
Mental Health Facilities	1992-06	1,292,085	2020	246,835
Parks & Recreation Facilities	1993-05	313,000	2020	119,765
Cultural and Sports Facilities	1993-06	373,690	2020	185,625
Elementary & Secondary Education	1995-99	333,640	2008	<u>51,560</u>
Total				\$3,392,635

(a) The amount of bonds issued for refunding purposes is excluded in determining the amount issued.

(b) Debt service paid from non-GRF sources.

Certificates of Participation

The Department of Transportation and the Department of Administrative Services have entered into lease-purchase agreements, in connection with which Certificates of Participation were issued, to finance building and equipment, information systems and non-highway related projects. The lease payments are made from charges to the user and/or appropriations for repayments that are included in the biennial budget.

The following table presents summary information for certificate of participation financing arrangements as of June 30, 2006 (\$ in thousands).

Using Agency / Purpose	Fiscal Year Issued	Amount Issued	Maturing through Fiscal Year	Outstanding Balance
Department of Transportation				
Panhandle Rail Line Project	1992	\$ 8,680	2012	\$ 4,220
Rickenbacker Port Authority	1996	10,155	2007	310
Department of Administrative Services				
Youngstown Central Area Community Improvement District	1998	6,615	2029	6,195
Rickenbacker Port Authority	1998	16,455	2023	13,555
Ohio Administrative Knowledge System	2006	79,185	2017	<u>79,185</u>
Total				\$103,465

Capital Improvements and Long-Term Financing

Bonds Paid from Other State Funds

Economic Development. These bonds are issued by the Treasurer of State for the Department of Development’s Direct Loan, Innovation Ohio and Research and Development programs under Chapter 166 of the Revised Code. These bonds provide financing for loans to businesses within the state that cannot obtain conventional financing for economic development projects that create or retain jobs in the state. The bonds are backed by the State’s net profits derived from the sale of spirituous liquor.

Clean Ohio Revitalization Program. These bonds are issued by the Treasurer of State for the Clean Ohio Council, which consists of the directors of the Department of Development, Environmental Protection Agency, Public Works Commission, four members of the Ohio General Assembly, and seven citizens appointed by the Governor. The bonds 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. These bonds are payable from revenues and receipts designated by the General Assembly (currently a portion of the State’s net profits derived from the sale of spirituous liquor).

The following table presents summary information for those bonds paid from state liquor profits as of June 30, 2006 (\$ in thousands).

Purpose	Fiscal Years Issued	Amount Issued	Maturing Through Fiscal Year	Outstanding Balance
Economic Development	1997-06	\$368,740	2026	\$318,535
Revitalization	2003-06	100,000	2021	<u>92,535</u>
Total				\$411,070

Highway State Infrastructure Bank (GARVEE). The Treasurer of State issues these 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 charges are paid from pledged Federal Title 23 Highway Funds.

The following table presents summary information for State Infrastructure Bank bonds, as of June 30, 2006, were as follows (\$ in thousands).

Purpose	Fiscal Years Issued	Amount Issued	Maturing through Fiscal Year	Outstanding Balance
Major New State Infrastructure	1998-06	\$597,250	2016	\$291,970

Revenue Bonds

Revenue bonds are used by the state to finance a specific project or category of projects. Debt service is paid from revenues or fees that are charged for the use of facilities rather than from the pledge of the full faith and credit, revenue, and taxing power of the state. Various state authorities and commissions have been created by the legislature and given the authority to issue revenue bonds. These include 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 funds for the debt service payments on their obligations are outside the state treasury and are not appropriated by the legislature.

The Department of Development, 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 (not from state revenues).

Capital Improvements and Long-Term Financing

Debt Service and Outstanding Debt

The following table (Table C-5) shows certain historical debt information and comparisons. These tables include only outstanding obligations of the state for which debt service is paid from the General Revenue Fund. Highway obligations and obligations issued by the Ohio Building Authority for Department of Transportation, Department of Public Safety, and Bureau of Workers' Compensation are not included since they are paid from non-GRF sources.

**Table C-5
Debt Service Expenses as a Percent of GRF Revenues**

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	1.83%
1990	\$3,707,054,994	\$341	1.82%
2000	\$6,308,680,025	\$556	1.97%
2001	\$6,570,863,174	\$578	2.02%
2002	\$7,086,317,648	\$621	2.13%
2003	\$7,559,386,132	\$661	2.20%
2004	\$8,110,709,343	\$708	2.30%
2005	\$8,476,432,135	\$739	2.32%
2006	\$8,909,382,567	\$776(a)	2.44%(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%	0.17%
1990	\$488,676,826	\$12,230,681,298	4.00%	0.24%
2000	\$871,313,814	\$20,711,678,217	4.21%	0.27%
2001	\$918,248,422	\$21,921,275,724	4.19%	0.28%
2002	\$926,142,216	\$22,072,703,100	4.20%	0.28%
2003	\$959,489,678	\$23,055,920,100	4.16%	0.28%
2004	\$1,013,222,412	\$24,678,909,000	4.11%	0.29%
2005	\$1,097,842,137	\$26,195,614,000	4.19%	0.30%
2006	\$1,128,591,711	\$26,492,277,500	4.26%	0.31%(b)

(a) Based on July 2006 population estimate.

(b) Based on 2005 personal income data.

Summaries of Budget Information

Capital Improvements and Long-Term Financing

Status of Capital Improvements Debt

The following tables show summary and selected information concerning changes in long-term obligations as of June 30, 2006 (Table C-6), and estimated issuance amounts and debt service costs for the fiscal year 2008-2009 biennium (Table C-7). 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 cover the debt service on special obligation bonds are included in the budgets of the Board of Regents, Department of Mental Health, Department of Mental Retardation and Developmental Disabilities, Department of Natural Resources, Department of Rehabilitation and Correction, Department of Administrative Services, Department of Youth Services, Cultural and Sports Facilities Commission, School Facilities Commission, Department of Transportation, Department of Public Safety, Department of Education, and the Bureau of Workers' Compensation.

Table C-6
Changes in General Long-Term Obligations (\$ in thousands)

	General Obligation Bonds	Special Obligation Bonds	Certificates of Participation	Economic Development	State Infrastructure Bonds	Total
Principal Outstanding as of July 1, 2004	\$5,169,013	\$4,018,670	\$27,270	\$281,150	\$422,715	\$9,918,818
Additions: Debt Issued	2,462,230	943,945	79,185	150,000	99,270	3,734,630
Deductions: Debt Retirement/ Refundings/ Defeasances	<u>1,053,810</u>	<u>1,569,980</u>	<u>2,990</u>	<u>20,080</u>	<u>230,015</u>	<u>2,876,875</u>
Principal Outstanding as of June 30, 2006	<u>\$6,577,433</u>	<u>\$3,392,635</u>	<u>\$103,465</u>	<u>\$411,070</u>	<u>\$291,970</u>	<u>\$10,776,573</u>

Summaries of Budget Information
Capital Improvements and Long-Term Financing

Table C-7
Summary of State Debt as of 6-30-06 and
FY 2008 and 2009 Estimated Issuance Amounts
(\$ in thousands)

Security and Purpose	Constitutional Citation	Amount Authorized by the Legislature ^(a)	Amount Issued As of 6/30/06	Amount Outstanding on 6/30/06	Estimated Amount to be Issued in FYs 2008-2009	Estimated Debt Service for FYs 2008-2009 ^(b)
General Obligations						
Higher Education	Sec 2n, Art. VIII	\$2,381,000	\$1,850,000	\$1,594,090	\$650,000	\$381,470
Common Schools	Sec 2n, Art. VIII	3,615,000	2,790,000	2,507,245	1,250,000	624,417
Coal Development	Sec 15, Art. VIII	165,000	150,000	35,930	15,000	15,425
Natural Resources	Sec 2l, Art. VIII	306,000	265,000	161,975	60,000	50,437
Highway	Sec 2m, Art. VIII	2,130,000	1,615,000	831,000	340,000	407,834 ^(c)
Infrastructure	Sec 2k&2m, Art. VIII	2,400,000	2,159,986	1,313,733	240,000	366,210
Conservation	Sec 2o, Art. VIII	200,000	150,000	133,460	85,000	34,626
Third Frontier	Sec. 2p, Art. VIII	200,000	0	0	170,000	38,873
Site Development	Sec. 2p, Art. VIII	<u>60,000</u>	<u>0</u>	<u>0</u>	<u>60,000</u>	<u>12,592</u>
Total		\$11,457,000	\$8,979,986	\$6,577,433	\$2,870,000	\$1,931,884
Special Obligations						
Adult Corrections	Sec 2i, Art. VIII	\$1,860,000	\$1,734,500	\$801,820	\$150,000	\$216,832
Juvenile Correct.	Sec 2i, Art. VIII	267,000	247,000	165,130	40,000	48,416
Admin. Services	Sec 2i, Art. VIII	1,530,000	1,448,300	790,245	100,000	218,771
Cultural and Sports	Sec 2i, Art. VIII	420,000	373,690	185,625	70,000	74,060
DNR – Fount. Sq.	Sec 2i, Art. VIII	12,160	12,160	3,030	0	2,176
Higher Education	Sec 2i, Art. VIII	4,817,590	4,817,590	798,940	0	339,195
Mental Health	Sec 2i, Art. VIII	1,340,000	1,292,085	246,835	60,000	88,544
Parks & Recreation	Sec 2i, Art. VIII	337,000	313,000	119,765	45,000	37,906
Prim./Sec. Educ.	Sec 2i, Art. VIII	333,640	333,640	51,560	0	22,702
Transportation	Sec 2i, Art. VIII	155,800	155,800	28,285	0	14,170 ^(c)
Public Safety	Sec 2i, Art. VIII	143,000	138,600	77,390	3,000	27,947 ^(c)
Workers' Comp.	Sec 2i, Art. VIII	<u>214,255</u>	<u>214,255</u>	<u>124,010</u>	<u>0</u>	<u>41,123^(d)</u>
Total		\$11,430,445	\$11,080,620	\$3,392,635	\$468,000	\$1,131,842
Other						
Highway	Sec 13, Art. VIII	n.a.	\$597,250	\$291,970	\$560,000	\$282,526 ^(e)
Infrastructure						
Economic	Sec 13, Art. VIII	n.a.	368,740	318,535	125,000	72,296 ^(f)
Development						
Revitalization	Sec 2o, Art. VIII	<u>\$200,000</u>	<u>10,000</u>	<u>92,535</u>	<u>100,000</u>	<u>28,304^(f)</u>
Total		\$200,000	\$975,990	\$703,040	\$785,000	\$383,126

Notes:

- ^(a) Includes appropriations passed by the General Assembly as of 6/30/2006.
^(b) Debt service or lease payments paid from General Revenue Fund unless otherwise noted. Totals may not add due to rounding.
^(c) Debt service is paid from highway user receipts (including the motor vehicle 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 is paid from profits derived from the sale of spirituous liquor.

Capital Improvements and Long-Term Financing

Capital/Debt Affordability Analysis

Section 17 of Article VIII of the Ohio Constitution establishes an annual debt service limitation on State debt obligations payable from the general revenue fund (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 5% of the total of estimated GRF revenues plus net State lottery proceeds for the fiscal year of issuance.

Debt obligations payable from the GRF include both general obligation and special obligation bonds, but exclude (i) general obligation debt for both third frontier research and development and for site development, and (ii) general obligation debt payable from non-GRF funds (e.g., highway capital improvement bonds that are paid from highway user receipts). Application of the "5% limit" may be waived in a particular instance by a three-fifths vote of each house of the Ohio General Assembly.

Debt obligations are typically issued on a dollar-for-dollar basis as needed to ensure uninterrupted funding of the various capital appropriations made by the General Assembly that are intended to be funded by bond proceeds. To determine the amount of new capital appropriations that are affordable under the 5% limit, OBM uses a model that factors in: i) existing GRF debt service; ii) estimated debt service from existing GRF-backed bond authorizations that have passed the General Assembly for which bonds will be issued in the near-term; and iii) projected debt service from alternative amounts of new capital appropriations intended to be funded by GRF debt obligations. The model uses conservative assumptions with respect to the timing, amount, and prevailing interest rates for projected future bond sales. Table C-8 below shows the results of the capital/debt affordability model based on the amount of GRF revenue plus net State lottery proceeds presented in the Executive Budget for both the current 2008-09 biennium and the upcoming 2010-2011 biennium.

Table C-8
Capital/Debt Affordability Analysis
Amount of GRF-Debt Supported Capital Appropriations under the 5% Limit

Capital Biennium	Capital Appropriations backed by GRF Debt Subject to the 5% Limit*	Debt Service Percent of GRF Revenue and Net State Lottery Proceeds (the 5% Limit)
FY 2005-06 act.	2,125,050,200	4.26%
FY 2007-08 est.	2,381,167,100	4.57%
FY 2009-10 proj.	2,400,000,000	4.83%
FY 2011-12 proj.	2,500,000,000	4.97%

* Note, these amounts only reflect those capital appropriations funded by debt obligations payable from the GRF and net State lottery proceeds that are subject to the 5% limit.

**Summary of State of Ohio Personnel
Fiscal Years 2006-2009**

FY 2006 (February 2006)	FY 2007 (February 2007)	% Change	FY 2008 (Estimate)	% Change	FY 2009 (Estimate)	% Change
65,249	63,599	-2.5%	63,582	-0.03%	63,271	-0.5%

This table 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.
- **Permanent:** These employees hold a position that requires a regular schedule of twenty-six consecutive bi-weekly 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 season or period of the year.
- **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 year 2007 represents the most current available data for total statewide employment (February 2007). For purposes of accurate comparison, fiscal year 2006 data is presented for the same period (February 2006). Note that these figures represent a point in time during each fiscal year and do not represent either the minimum or maximum staffing levels for the period. Certain position types, particularly certain non-permanent position types, may not be captured in these data.

Estimated state employment data for fiscal years 2008 and 2009 are based upon the Executive budget recommendations and represent the state's expectation for the maximum number of state employees for the period based upon those recommendations.

**Summary of State of Ohio Personnel-Related Expenditures
Fiscal Years 2006-2009**

FY 2006 (Actual)	FY 2007 (Estimate)	FY 2008 (Recommended)	FY 2009 (Recommended)
\$4,794,696,390	\$4,841,893,370	\$5,003,571,689	\$5,197,339,268

This table summarizes all personnel-related expenses captured within the personal services object of expense for the periods reported. Amounts include basic wages, overtime compensation, paid leave, employer paid benefit expenses, employee training and tuition reimbursement, payroll surcharges for central services (e.g., payroll processing) and other personnel-related expenses.